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**Marketing Mix Standardisation in
International Marketing:**

**An Empirical Investigation of the Degree of
Marketing Programme Standardisation in
German Companies and its Internal and
External Correlates**

by

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Abstract

Based on an extensive literature review the main aims of this research are to investigate empirically the degree of marketing standardisation in German companies as well as to examine the impact which external factors and the internal dimension have on the degree of marketing strategy standardisation. The study contributes to several key aspects of the international standardisation debate which has remained unresolved despite its great topicality as the large amount of recent research in this area suggests (e.g. Melewar and Saunders, 1999, Ramarapu et al, 1999, Whitelock and Pimblett, 1997).

Firstly, this study offers empirical findings as opposed to the descriptive nature of many previous studies (e.g. Momani and Richter, 1999, Kaufmann and Eroglu, 1998, Raaij, 1997, Zou and Cavusgil, 1996, Agrawal, 1995). Secondly, several authors (e.g. Zou and Cavusgil 1996, Collins 1991, Bartlett and Goshal 1987) argue that the majority of previous research in this debate has primarily focused on the external industry factors and hardly considered internal organisational aspects which are investigated in this research based on the framework of Jain (1989). Germany is a leading world economy which makes it interesting to study with regard to the underlying strategies leading to its success and there is a need for empirical research into the international marketing strategies of German companies because international studies considering them are rare (e.g. Shaw, 1995, Shaw and Wong, 1994). Moreover, most German research focuses on conceptual studies (e.g. Müller and Kornmeier, 1996, Böttcher and Welge, 1994).

The findings of this study suggest that German companies tend to standardise their entire marketing programme to a very high degree. In contrast to this, the marketing process is highly adapted by most companies (71.4%). Within the marketing mix the product policy showed the highest degree of standardisation as in all previous studies. This is followed by the price policy and only then by the distribution and promotion activities. This finding contradicts some older empirical findings (e.g. Sorenson and Wiechmann, 1975, Althans, 1982) which suggested a rather limited potential for price standardisation but it lends support to more recent findings (e.g. Chhabra, 1996, Shoham, 1996, Akaah, 1991). For the majority of external factors a similarity between the home and host market favoured a high standardisation while some assumptions regarding the internal dimension could not be supported (e.g. a high degree of controlling interest of the headquarters or a high degree of ownership overseas would lead to high a degree of standardisation).

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My friends Birke, Burki, Cristoforo, Julie, Lukas, Nicole and Martin I would like to thank for their permanent help and encouragement. Their friendship has been my major source of strength and motivation throughout the research as well as I am extremely grateful for all the support which my beloved brother Lutz has given to me over these years.

Declaration

Neither this thesis nor any portion of it has been submitted in support of another degree or qualification from the University of Warwick or any other Institute of Learning.

Some parts of this research have already been published:

1: "International Marketing Standardisation: An empirical investigation of the Top 500 German companies". Paper in the proceedings of the *Academy of International Business*, London, April 1998

2. "Marketing Mix Standardisation: A study of the Top 500 British and German companies". Paper in the proceedings of the *European Marketing Academy Conference (EMAC)*, Stockholm, May 1998

3. "Marketing Mix Standardisation: Preliminary findings from the Top 500 German and British companies". Paper in the proceedings of the *Australia New Zealand Marketing Academy (ANZMAC)*, Sydney, November, 1999

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CHAPTER ONE

INTRODUCTION

CHAPTER ONE INTRODUCTION

1.1 INTRODUCTION

The issue of standardisation of marketing activities has been a key debate in international marketing for more than three decades. This is partly based on the lack of a clear definition of marketing standardisation in the literature (e.g. Harris, 1994, Onkvisit and Shaw, 1987). But the major problem of this debate concentrates on the question whether it is beneficial for a company to standardise its marketing activities across national markets. If the answer to this is yes related questions automatically arise. In this case practitioners and academics alike need answers to questions such as to what degree and under which circumstances it is beneficial to standardise.

Early supporters of a standardisation approach (e.g. Buzzel, 1968, Levitt, 1983) primarily base their argument on the advantages achieved through economies of scale and increased efficiency while followers of an adaptation strategy (e.g. Boddewyn et al., 1986, Douglas and Wind, 1987) focus on the various differences between individual markets which might require tailored marketing activities.

Some researchers assert that the degree of standardisation or adaptation is contingent on a number of internal and external aspects (e.g. Cavusgil et al, 1993, Jain, 1989, Kreutzer, 1988, Wang, 1996).

But most authors have focused on the external industry drivers only to examine their impact on standardisation/adaptation decisions of companies (e.g. Raaij, 1997, Wang, 1996, Agrawal, 1995, Harris, 1994, Zandpour et al, 1994, Cavusgil et al, 1993). Fewer studies have considered the influence of internal company factors (e.g. Zou and Cavusgil, 1996, Müller and Kornmeier, 1996, Theis, 1994, Barker, 1993).

This study therefore applies the conceptual framework of Jain (1989) and explores both, external and internal, aspects with regard to the largest companies from one of the internationally most successful economies in the world, Germany. This research examines not only the degree of standardisation but also seeks to broaden the existing knowledge with regard to the question of which external country factors and which internal resource based aspects have a significant impact on the success of a standardised marketing strategy.

Despite the high degree of international competitiveness of German companies the issue of standardisation and its determinants have not yet been examined which represents a key contribution of this research. Whilst several studies have been conducted with regard to

the international marketing strategies of Japanese, American and British companies (e.g. Doyle et al 1989, Jatusripitak et al, 1985), previous research to the marketing strategies of German companies are comparatively rare (Shaw, 1995, Shaw and Wong, 1994, Shaw, 1992). Those which have studied German companies have primarily focus on manufacturing issues (Avlonitis and Parkinson, 1986, Daly et al, 1985, De Meyer, 1988, Taggart and Hood, 1995, Voss and Backmon, 1996) or on marketing strategies in general but not specifically on the extent to which German companies standardise their marketing programmes and processes (Bolz, 1992, Kreutzer, 1989). Therefore, it is the key aim of this study to contribute to this area with regard to German companies in order to narrow the existing gap in the literature.

1.2 THE RESEARCH

There have been tremendous advances in information technologies over the past decades - especially in the areas of visual, telecommunication and personal computer technologies (e.g. Böttcher and Welge, 1994, Bolz, 1992). This has made information more available to an increasingly high number of people all over the world (e.g. Müller and Kornmeier, 1996). This exposure of people from different nations to the same information, images and products potentially converges their requirements and needs. This development - which often is referred to as the globalisation of markets - arguably

represents a great potential for exploitation by companies (e.g. Buzzell, 1968, Levitt, 1983, Usunier, 1991).

Therefore, it is not surprising that scholars and managers alike share great interest in the question how to exploit this effect most successfully with regard to corporate objectives. One has to be aware that globalisation might not only offer potential opportunities in overseas markets but might also come at the price of an implicit product-orientation and an increased competition in the home market (e.g. Barker, 1993, Bolz, 1992, Meffert, 1991, Zou et al, 1997).

Every attractive home market of a company might represent an attractive overseas market for competitors from other nations. Thus, it is not surprising that the question of how to tackle the global marketing challenge most successfully has been the subject of so much academic interest over the years (e.g. Melewar and Saunders, 1999, Whitelock, 1987, Chang, 1995, Kustin, 1994, Wang, 1996). That the standardisation debate - which aims to assess how to approach the global challenge most successfully - is still unresolved and, therefore, of great interest is well illustrated by the large amount of recent work in this area (e.g. Robles and Akhter, 1997, Rosenbloom et al, 1997, Whitelock and Pimblett, 1997, Yip, 1997, Zou et al, 1997, Botschen and Hemetsberger, 1998, Kaufmann and Eroglu, 1998).

Thus it is the aim of this research project to contribute to this debate by assessing the degree of standardisation and to test propositions about the internal resource based and external country factors which have an impact on the standardisation of international marketing activities in German companies. For this reason the conceptual framework of Jain (1989) is applied. It was chosen because it comprises all of the internal and external factors which influence the decision of whether to standardise. It analyses the external aspects with regard to the target market, the market position, the nature of product and the environment.

With regard to the internal dimension Jain (1989) concentrates on various organisational aspects such as the corporate orientation, the relationships between the headquarters and the subsidiaries as well as on the delegation of authority. Since much of previous research in this context has been rather descriptive as opposed to empirical it is the aim of this study to contribute empirical findings to this debate - also with regard to the impact of standardisation on success.

A methodology strategy was applied which has been tested in previous marketing research (Melewar, 1994). It utilises the framework for developing better measures by Churchill (1979). Thus, special attention was paid to the reliability and validity of the measures used before applying data analysis techniques such as correlation analysis, T- test analysis and ANOVA analysis to measure and to characterise

approaches of the companies as well as to differentiate the differences between them. Another major aspect of this research is the strong need for a study analysing the approach of German companies in this context because - despite the fact that Germany is the third largest economy world-wide - there has been hardly any empirical research into their approach towards marketing standardisation.

1.3 THE RESEARCH AIMS

While the marketing approach of a company comprises of two dimensions - the marketing programme and the marketing process - the literature review reveals three theoretical options to approach markets across nations: a standardisation strategy, an adaptation strategy or a compromise between those two. According to the literature the compromise approach has recently reached the general consensus (e.g. Baalbaki and Malhorta, 1993, Douglas and Wind, 1987, Yavas et al., 1992, Wang, 1996). In order to make a decision regarding these alternatives many critical factors have to be taken into account. Therefore, the following research aims are pursued:

1. To assess the extent to which the top 500 German companies standardise their marketing programmes and marketing processes.

2. To analyse the impact of external country factors such as the market position of the company, the nature of the traded product and various environmental aspects on the degree of marketing standardisation.
3. To determine the impact of internal, resource based factors such as corporate orientation, headquarters-subsidiary relationships and delegation of authority on the degree of marketing standardisation.
4. To explore the impact of the degree of marketing standardisation on market performance with regard to aspects such as market share, profit and return on investment.

1.4 RESEARCH METHODOLOGY: AN OVERVIEW

This project is an empirical study based on a postal survey of the 500 largest German companies. The subject of exploration is the degree of marketing standardisation and its correlates in the concerned sample companies. While the dimensions which are examined are based on the conceptual framework of Jain (1989) the methodological strategy is based on the framework of Churchill (1979). The methodology framework of Churchill was chosen because a) it emphasises the need for reliable and valid measures which is often neglected in marketing

research and b) it was successfully applied in previous marketing research (Melewar, 1994).

Therefore, an extensive literature review of the Anglo-Saxon and German literature was conducted before defining the conceptual specification of the research construct. Once it was decided which factors should be included in the construct another literature review and interviews with some executives from participating companies were conducted. Based on the literature review a series of propositions were developed which will be tested in the course of this research. This led to indications how the variables had to be defined and how many sub-components they should comprise.

This process led to the development of a preliminary questionnaire which was developed and back-translated by the bi-lingual German researcher and his British supervisor. The language used in the final questionnaire was English because the majority of executives participating in the pre-tests preferred English to German. The preference was primarily based on the following observations a) that English was their corporate language anyway and b) that they were very familiar with the English language.

The questionnaire was sent to the Chief Executive Officers of the largest 500 companies in Germany - identified by using secondary sources - and comprised 46 questions mainly using a five-point-

interval scale. The final response rate of usable questionnaires was 17.2 % and thus well within the typical range of international mail surveys (Fox et al., 1998).

The data was analysed to test the propositions of this research using statistical techniques such as simple and multiple correlation analysis, the T - test and one-way ANOVA analysis. Summated scales were calculated whenever it was necessary to reduce the number of variables. The correlation analysis was performed to explore the relationships between the dependent and independent variable while the T-test and the one-way ANOVA analysis was utilised to test the propositions.

1.5 THE ORGANISATION OF THE THESIS

The thesis is organised as follows:

Chapter 2 reviews the relevant literature on the marketing standardisation debate. It discusses how marketing standardisation is defined and which domains have been focused on in previous studies. It represents the first theoretical section in this thesis which propositions were developed for. These consider the key aspects of the literature review with regard to the degree of marketing standardisation.

Chapter 3 is the second section of the literature review and concentrates on the contingency factors of marketing standardisation. Special emphasis is put on the influencing aspects, namely the internal resource-based dimension and the external factors. Based on the two dimensions, propositions were developed which consider the key aspects of the literature review in terms of the contingency factors and performance.

Chapter 4 is the part of the thesis which illustrates the methodology applied for this study. Therefore, the methodology strategy (Churchill, 1979) is discussed in a chronological order. Hence, the first part of this chapter is primarily concerned with the development of reliable and valid measures for the research, the sample selection and the data

collection methods. The second part outlines the statistical techniques used for analysing the data.

Chapter 5 presents the characteristics of the German sample enterprises as well as it is reporting the findings from the simple and multiple correlation analysis relating to the German companies. The results of the propositions relating to the degree of standardisation are presented and discussed with regard to the different sub-components of the marketing mix elements.

Chapter 6 investigates the propositions with regard to the contingency factors as well as the impact of the external and internal dimensions on the degree of marketing standardisation is discussed. Finally, the impact of the different degree of standardisation on the market performance is highlighted and thus the propositions of this project are tested with regard to the German sample.

Chapter 7 draws the final conclusions. It is the chapter which summarises the main findings. The implications of this study for scholars and managers as well as the limitations of this study are outlined. Finally, ideas for further research related to this area are presented.

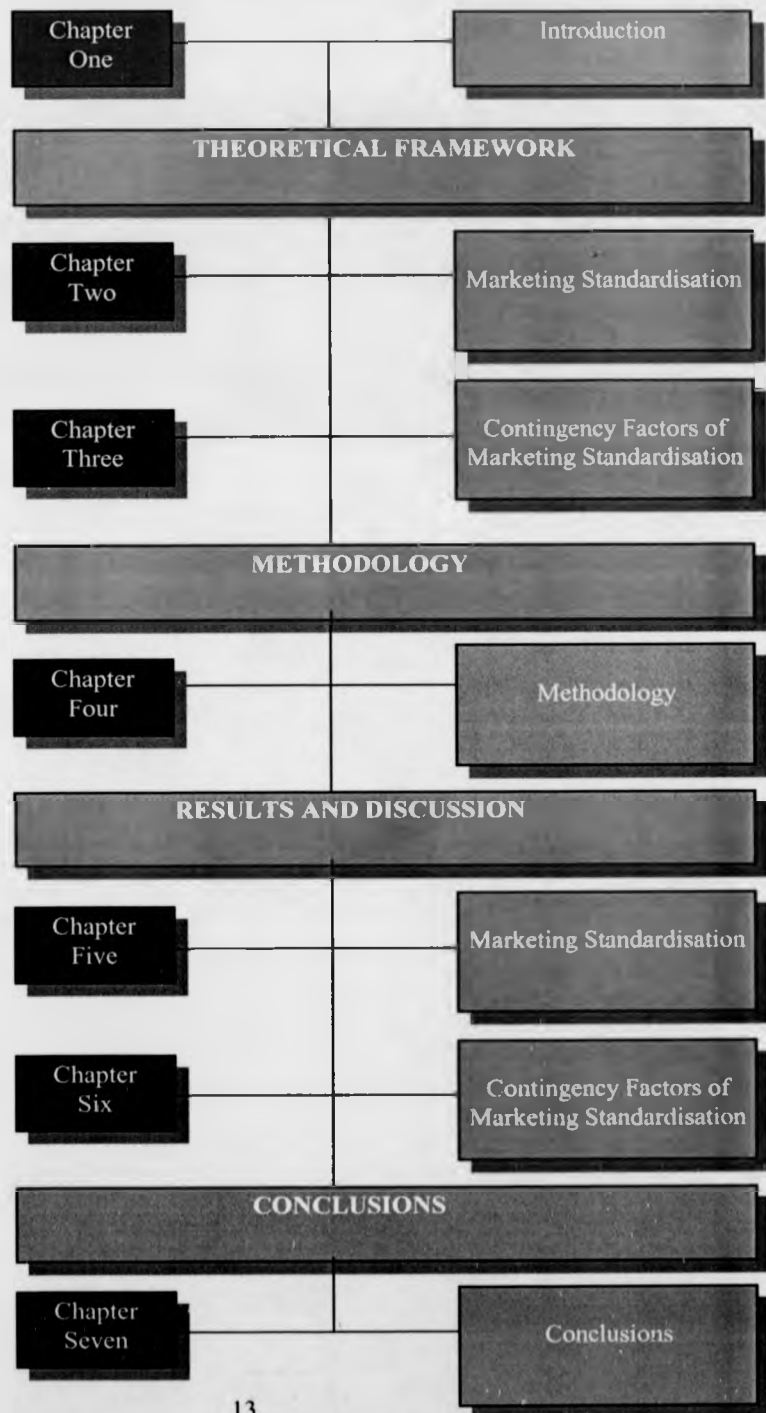
1.6 CONCLUSIONS

This chapter presented an overview on the major aspects of this thesis. It outlined the background of the research project and methodological aspects as well as specifying the objectives of this research area.

It highlighted the aim of this study to make its contribution with regard to minimising the limitations of previous studies by considering German companies and their approach towards the standardisation of the marketing programme all its key dimensions.

Finally, an overview of the content of each chapter was given to illustrate the overall organisation of this dissertation. Figure 1.1 summarises the structure of this thesis.

Figure 1.1: The structure of this thesis



CHAPTER TWO

MARKETING STANDARDISATION

CHAPTER TWO MARKETING STANDARDISATION

2.1 INTRODUCTION

For decades a key debate in international marketing has been the question of whether it is more appropriate to use a standardisation or an adaptation marketing strategy.

However, due to the different perspectives of researchers on what marketing standardisation actually means and the primarily descriptive nature of many previous studies (e.g. Boddewyn et al, 1986, Friedman, 1986, Kale and Sudhashan, 1987), there has been a significant amount of conceptual ambiguity in the standardisation debate (Goshal, 1987, Hamel and Prahalad, 1985, Porter, 1991). Nevertheless it is commonly acknowledged that this question is of crucial importance for the competitiveness and performance of companies in world markets (Hax, 1989, Ohmac, 1989, Shoham, 1995).

Therefore, after the term "marketing standardisation" is clarified for this research, an overview of the standardisation debate is given before applying the existing model of Jain (1989). This model was chosen because it has the advantage of considering the key dimensions which have an impact on the degree of marketing standardisation and

moreover, it has only been tested once so far with regard to the 500 largest American companies (Akaah, 1991).

2.2 DEFINITION OF MARKETING STANDARDISATION

The ambiguity in the standardisation debate is partly based on different perspectives of authors in previous studies. But this development also arose because the definition of marketing standardisation has not been developed to a high degree (Harris, 1994, Sandler and Shani, 1992).

Some authors refer to marketing standardisation in a very strict way (e.g. Buzzell, 1968, Roostal, 1963, Boddewyn et al., 1986, Kanso, 1992). For example, Buzzell (1968, p.103) understands marketing standardisation as the "offering of identical product lines at identical prices through identical distribution systems supported by identical promotional programmes in several countries". Others, meanwhile, consider marketing standardisation in a far broader sense (Hout et al., 1982, Ohmae, 1989, Sandler and Shani, 1992, Takeuchi and Porter, 1989). For example, Picard et al (1988, page 7) define it as "the degree of similarity in the marketing activities, programmes and policies of an international enterprise from one country to another" while Takeuchi and Porter (1989, p.129) refer to marketing standardisation as the "transfer of marketing-know-how to other countries".

In addition to these differences, one has to be aware that previous work utilises only single indicators to capture the notion of marketing standardisation (Sandler and Shani, 1992, Sorenson and Wiechmann, 1975). Others consider the differentiation between the standardisation of marketing programmes and the marketing process as important (Jain, 1989). The marketing programme reflects the different aspects of the marketing mix while the marketing process refers to tools which support the development and implementation of the marketing programme (Bolz, 1992, Jain, 1989).

Thus, there is no consistency in defining or operationalising marketing standardisation among empirical or conceptual studies. Therefore, authors like Walters (1986) stress that it is rather easy to argue in favour of a standardised or adaptation strategy because the domain of marketing standardisation varies among the studies. Obviously, different emphasises with regard to the marketing domain increases the chance of different results and, therefore, it is of crucial importance that the domain of marketing standardisation has to be clearly defined (Harris, 1994, Walters, 1986).

But in recent years a certain consensus has emerged which stresses the notion that the crucial issue is not so much whether to use a standardisation or adaptation strategy but rather to what degree a marketing strategy should be standardised (e.g. Baalbaki and Malhorta, 1993, Yavas et al., 1996, Wang, 1996).

The authors argue that it is neither the best approach to tailor marketing efforts to meet all local preferences nor to concentrate on identical marketing regardless of the local needs. Therefore, several researchers have come up with contingency models in order to investigate the different internal and external aspects which have an impact on the standardisation decision (e.g. Cavusgil et al., 1993, Wang, 1996, Zou et al., 1997).

With regard to the definition of marketing standardisation in this thesis it is referred to in the sense of the contingency perspective which considers marketing standardisation not as the issue whether to standardise or not but considers it as being primarily depending on its actual degree. Acknowledging the crucial importance of defining also the domain of marketing standardisation this thesis takes into account the major elements of the marketing dimension as proposed by authors like Bolz (1992) and Jain (1989). Thus, all major elements of the marketing programme and the marketing process are considered. This includes various sub-elements of the four major marketing mix aspects as well as different aspects of the marketing information, planning and control process.

2.3 THE MARKETING STANDARDISATION DEBATE: AN OVERVIEW

There is no consensus as to what international marketing standardisation is and how to apply it successfully. Proponents of a strict standardisation approach have mainly argued that the world markets have become more similar and that a standardised approach can generate advantages through economies of scale and a higher level of efficiency (e.g. Buzzell, 1968, Fatt, 1967, Kogut, 1985, Levitt, 1983, Ohmac, 1989, Porter, 1986).

Specifically, the underlying premise of this concept is the notion that world markets converge due to homogenising consumer preferences through aspects such as increased access to communication or decreased travel costs (Buzzell, 1968, Levitt, 1983, Ohmae, 1989, Porter, 1986). This arguably leads to the emergence of homogeneous cross-country market segments. Based on this premise the proponents base their arguments for standardisation on the theory of economies-of-scale (Levitt, 1983, Porter, 1980, 1985) which include R&D, production, logistics, distribution as well as economies of scale in areas such the marketing mix, in particular promotion and advertising activities (Hout et al, 1982, Quelch and Hoff, 1986).

Moreover, standardisation is supposed to have the potential to enhance product quality through a stronger focus on the various operations in the value chain (Yip, 1989, Porter 1985, 1986). According to Porter

(1986) industries in which significant value is added in upstream activities (e.g. inbound logistics) should pursue a global strategy while industries in which major value is added downstream (e.g. outbound logistics, service) should rather follow a country-centred strategy. Nevertheless, the author also acknowledged that his approach is a framework which should be used flexible in a sense that if there are global segments in a downstream-adding-value-industry a company should certainly pursue a global strategy (Porter, 1986).

Collis (1991) summarises the various perspectives which were taken in the standardisation debate by formulating the following statements: When there are interdependencies among the competitive positions of an organisation in different national markets a standardised strategy can be considered essential for success. These interdependencies should include scale economies (Levitt, 1983), the learning curve effect (Porter, 1985) gained through international experience (Douglas and Craig, 1989), the opportunity for a firm to cross-subsidise its activities (Hamel and Prahalad, 1985) and the existence of a global brand name (Ohmae, 1989). Finally, the global or standardised strategy must include the co-ordination and configuration of the world-wide activities of an organisation (Porter, 1986).

Other authors, such as Douglas and Wind (1987), consider the notion of universal standardisation as oversimplistic and therefore argue in favour of an adaptation approach. The supporters of the adaptation approach primarily stress their argument that the differences among

various markets in terms of a large number of influencing factors require marketing activities which take these specific country requirements into account (Bartlett and Goshal, 1988, Boddewyn et al, 1986, Chang, 1995, Hill and Still, 1984, Hout et al, 1982, Kotler, 1986).

Hout et al (1982) argue that companies should leverage the firm's competitive advantage across different markets while Hamel and Prahalad (1985) emphasise the aspect of cross-subsidisation across markets to be successful. Other proponents of an adaptation consider the standardisation approach primarily as questionable because they doubt the underlying assumptions of this approach with regard to the convergence of homogeneous consumer preferences but also in terms of benefits from economies-of-scale effects (Müller and Kornmeier, 1996, Kashani, 1989, Kotler, 1986).

Whitelock and Pimblett (1997, page 62) acknowledge the potential of scale economies but stress that "it is questionable whether the savings are enough to compensate for the loss of sales resulting from insensitivity to cultural differences". Samiee and Roth (1992) argue in a similar direction by emphasising that a more accurate positioning towards the host market preferences enables the company to charge higher prices. The authors suggest that this price discrimination can at least compensate the reduced costs under a high degree of standardisation.

Shoham and Albaum (1994) stress that costs are not only driven by economy of scales but also by hidden costs arising from friction between headquarters and subsidiary. This friction can lead to the sub-optimal execution of marketing strategies and thus has the potential to increase costs above the savings achieved through economies-of-scale. These interactions must be considered as important since in many cases the local managers have the power and the desire to subvert the strategic decisions of their headquarters as well as they can represent a positive resource for innovations and learning for the headquarters (Kim and Mauborgne, 1993, Bartlett and Goshal, 1986, 1988).

Moreover, the supporters of adaptation stress the various constraints which limit the potential of standardised marketing programmes and processes (e.g. Müller and Kornmeier, 1996, Chang, 1995, Hill and Still, 1984). Different stages of the market/product life cycle can have an influence on the ability to standardise the marketing programme of a firm (e.g. Agrawal, 1995, Shoham, 1995, Baalbaki and Malhotra, 1993, Bolz, 1992). Samice and Roth (1992) argued that uniformity with regard to marketing programmes are more likely in the early stages of the product life cycle because the number of competitors is fewer and thus the competition increases in the maturity stage. This development in combination with the circumstance that technology rarely changes at that stage lead to a higher focus on market segmentation and product differentiation which can limit the potential for a high degree of standardisation (Kotler, 1986).

Other authors stress the importance of taking the competition in the target market into account (e.g. Bolz, 1992, Porter, 1989, Quelch and Hoff, 1986, Meffert, 1988). While the structure of the competition can offer some indication about the attractiveness of the target country market the competitive position of the companies can help to evaluate the required resources to be successful in the target market (Day, 1984, Porter, 1986, 1989). Since a company might face different competitors in different markets its competitive advantage might be of different impact on the target markets which is likely to influence its competitive position (e.g. Porter, 1989). Therefore, these aspects have to be considered with regard to a marketing standardisation (e.g. Henzler and Rall, 1986, Jain, 1989, Quelch and Hoff, 1986, Yip, 1989). Moreover, different markets in the various countries can vary with regard to economic aspects (e.g. Douglas and Wind, 1987, Huszagh et al., 1986), political-legal factors (e.g. Doz and Prahalad, 1980, Doz et al, 1981, Hill and Still, 1984) and cultural and consumer-behavioural aspects (e.g. Aydin and Terpstra, 1981, Friedman, 1986, Ricks, 1986).

All these aspects have potential to influence the situation of the company and thus will have an impact on the standardisation decisions of a company. Table 2.1 provides a summary of the different key notions of the standardisation debate. The external as well as internal factors with regard to marketing standardisation will be examined in more detail in the section which focuses on the contingency factors.

Table 2.1: Bases and assumptions for standardisation and adaptation in the international marketing debate (based on Shoham, 1995)

	Standardisation	Adaptation
Theoretical Bases:	Economies-of-Scale (Lower costs) in:	Segmentation and Positioning:
	Marketing Programme	Accurate positioning on the basis of differences between markets
	Marketing Process	Price differentiation based on different conditions in each market
	Value Chain Activities	Mass customisation – fitting products to each customer separately
	-	Theory of Friction:
	-	Home market-host market (friction between the exporter and the local representative)
	-	Intra-company friction (friction between headquarters and local subsidiary)
Assumptions:	Homogenising World Markets	Diverging International Markets
	(Information and communication flows, and travel); Cross-border segment formation	(Increasing differences between consumers in different markets); Increased importance of Within-Market Segments
	Decreased Costs: Lower prices and increased sales volume	-
Some Representative Papers:		
	Perlmutter (1969)	Boddewyn (1981)
	Sorenson / Wiechmann (1975)	Kashani (1989)
	Hout et al (1982)	Kanso (1992)
	Levitt (1983)	Shoham (1995)

2.4 PREVIOUS STUDIES

Several studies have been conducted to explore the different aspects of marketing standardisation. As discussed under section 2.2 it is important to approach previous studies by considering the different domains they cover. This is done in the following discussion before investigating their findings and implications for this study.

The advertising dimension was the first and primary concern of researchers and practitioners alike with regard to the marketing standardisation debate (Britt, 1974, Elinder, 1961, Fatt, 1967, Hite and Fraser, 1978, Peebles et al, 1977, Roostal, 1963). It still is a major focus of recent research as the large number of studies with this focus illustrates (Harris, 1994, Kanso, 1992, Shao et al, 1992, Whitelock and Chung, 1989, Whitelock, and Kalpaxoglou, 1991, Zandpour et al, 1994, Raaij, 1997).

Authors like Elinder (1961) and Fatt (1967) were among the first to argue in favour of standardisation by stressing that an uniform approach towards advertising was getting more feasible while other researchers (Roostal, 1963, Miracle, 1968) emphasised the limitations of such an approach. Most of these studies focused on advertising only (e.g. Britt, 1974, Dunn, 1966, Fatt, 1967, Harris, 1994, Hite and Fraser, 1988, Kanso, 1992, Killough, 1978, Kirpalani et al, 1988, Miracle, 1968, Onkvisit and Shaw, 1987, Peebles, 1989, Peebles et al, 1977, Ricks et al, 1974, Roostal, 1963, Ryans and Donelly, 1969,

Shao et al, 1992, Whitelock and Chung, 1989, Whitelock and Kalpaxoglou, 1991, Zandpour et al, 1994). Key Findings of these studies and their implications for this research are discussed in section 2.5.

The aspect of the marketing standardisation which attracts the second largest attention has been the product aspect. The article of Levitt (1983) is probably the most influential but most articles which considered the product aspect include other aspects as well. Studies which explored solely the product aspect in isolation are rare. Hout et al (1982) concentrated on the concept of world products while Ohmae (1989) explored the product dimension as part of a lead-country model.

A large number of publications take into account several domains of marketing standardisation as opposed to just one. The research of Akaah (1991), Blackwell et al. (1991), Buzzell (1968), Jain (1989), Meffert and Bolz (1995), Müller and Kornmeier (1996), Sorenson and Wiechmann (1975), Wind (1986) are examples for this development since these authors explore various key marketing aspects as shown in Table 2.2. It gives an overview on key studies with regard to the marketing standardisation debate. It intends to clarify the different domains as explored by different authors. The review is primarily based on articles which were considered to present significant contributions to the standardisation debate and which appeared in leading academic publications focusing on marketing and strategy.

Table 2.2: The domain of international marketing standardisation in some previous key studies

Author(s)	Promotion	Product	Distribution	Pricing	Strategy / Process
Agrawal (1995)	X				
Akaah (1991)	X	X	X	X	X
Baalbaki and Malhotra (1993)	X	X	X	X	X
Barker (1993)					X
Blackwell et al. (1991)	X	X	X	X	X
Boddeyn et al. (1986)	X	X			
Britt (1974)	X				
Buzzell (1968)	X	X	X	X	X
Cavusgil et al. (1993)	X	X			
Chhabra (1996)	X	X	X	X	
Dunn (1966)	X				
Elinder (1961)	X				
Fatt (1967)	X				
Harris (1994)	X				
Hill and Kwon (1992)	X				
Hill and James (1991)	X	X			
Hite and Fraser (1988)	X				
Hout et al. (1982)		X			
Jain (1989)	X	X	X	X	X
Kanso (1992)	X				
Kerman and Damzel (1993)	X				
Kirpalani et al. (1988)	X				
Kustin (1994)	X	X	X	X	X
Levitt (1983)		X			

Table 2.2 (cont'd)

Author(s)	Promotion	Product	Distribution	Pricing	Strategy / Process
Martenson (1987)	X	X	X	X	X
Ohmae (1989)		X			
Onkvisit and Shaw (1987)	X				
Ozsomer et al (1991)	X	X	X	X	
Porter (1986)					X
Quelch and Hoff (1986)	X	X	X	X	X
Raaij (1997)	X				
Rau and Preble (1987)	X	X	X	X	X
Roostal (1963)	X				
Rosen et al (1989)			X		
Samiee and Roth (1992)	X	X			
Sandler and Shani (1992)	X				
Shao et al (1992)	X				
Sheth (1986)	X	X	X	X	X
Shoham (1996)	X	X	X	X	X
Sorenson and Wiechmann (1975)	X	X	X	X	X
Szymanski et al (1993)					X
Terpstra (1967)	X	X	X	X	X
Walters (1986)	X	X	X	X	X
Wang (1996)		X			X
Whitelock and Chung (1989)	X				
Whitelock (1987)	X				
Wind (1986)	X	X	X	X	
Yip (1989)					X
Zandpour et al (1994)	X				

Table 2.2 (cont'd)

Author(s)	Promotion	Product	Distribution	Pricing	Strategy / Process
Zou and Cavusgil (1996)					X
Zou and Laughlin (1996)	X	X	X	X	X

Many studies are conceptual in nature (e.g. Elinder, 1961, Roostal, 1963, Fatt, 1967, Miracle, 1968, Buzzell, 1968, Britt, 1974, Hout et al, 1982, Friedmann, 1986, Porter, 1986, Quelch and Hoff, 1986, Sheth, 1986, Walters, 1986, Wind, 1986, Onkvist and Shaw, 1987, Rau and Preble, 1987, Jain, 1989, Ohmae, 1989, Peebles, 1989, Blackwell et al, 1991, Agrawal, 1995, Raaij, 1997, Wang, 1996, Yip, 1989, Zou and Cavusgil, 1996).

Other studies are empirical but vary with regard to aspects such as industry, sample size etc. Dunn (1966) conducted case studies of 30 U.S. international firms, Sorenson and Wiechmann (1975) concentrated on 100 executives from 27 MNCs in the U.S. while Killough (1978) addressed 65 executives in MNCs and advertising agencies. Hill and James (1991) investigated marketing standardisation in U.S. MNCs with regard to consumer non-durables in Europe.

Hill and Still (1984) explored U.S. MNCs in less developed countries, Boddewyn et al (1986) concentrated on 71 U.S. firms which do business in Europe, Martenson (1987) conducted a case study of the Swedish furniture group IKEA, Hite and Fraser (1988) studied 150

companies from the Fortune 500, Kirpalani et al (1988) explored MNCs from the U.S., Japan and Canada while Whitelock and Chung (1989) considered advertising in two magazines, one in the UK and the other in France. In 1987 Whitelock (1987) concentrated on a small number of UK manufacturers with a specialised product.

Shao et al (1992) explored 344 affiliates of U.S. advertising agencies while Samiee and Roth (1992) targeted CEOs in global industries. Kanso (1992) investigated 96 companies from Fortune 500, Sandler and Shani (1992) explored Canadian enterprises, Cavusgil et al (1993) investigated 79 manufacturing companies in the U.S. while Szymanski et al (1993) focused on firms which generate most of their business either in the U.S. or Western Europe based on PIMS data.

Zandpour et al (1994) analysed advertising from several markets, Baalbaki and Malhorta (1993) researched into 74 U.S.-based companies while Akaah (1991) concentrated on the top 500 US companies by turn-over. Hill and James (1991) also focused on U.S. multinationals as well as Hill and Kwon (1992) who explored 28 U.S. MNCs and 229 of their subsidiaries. Zou and Laughlin (1996) explored 40 Business Units of Japanese and European MNCs in the U.S. market and Shoham (1996) investigated 100 exporters from the USA.

Not only differences with regard to the geographic scope of various studies complicate the standardisation debate: the different

perspectives of the researchers have contributed to the ambiguity in the discussion. The majority of previous research as shown in Table 2.1 has primarily focused on U.S. companies and on external factors as opposed to internal, organisational aspects (e.g. Collis, 1991, Zou and Cavusgil, 1996).

2.4.1 PREVIOUS GERMAN STUDIES

If one analyses the German literature one makes a very different observation. First of all, the standardisation debate has attracted far less attention in Germany than the international discussion and the strong dependency of the German economy on international trade would suggest. But the key difference with regard to previous international studies is that German researchers tend to concentrate primarily on the strategic and organisational factors of standardisation (e.g. Müller and Kommeier, 1996, Böttcher and Welge, 1994, Stegmüller, 1993, Jentner, 1992, Meissner, 1991, Meffert, 1991).

Moreover, nearly all studies are conceptual as opposed to empirical which lends support to the notion of researchers like Baalbaki and Malhorta (1993), Bolz (1992) and Wang (1996) who argue that this is adding to the ambiguity in the international standardisation debate. Table 2.3 presents the domain of some German studies on marketing standardisation. It shows that the contribution of the German literature to the standardisation debate tends to focus on advertising aspects as in many international studies but in contrast to them German authors

concentrate on strategic issues which are primarily discussed on a conceptual level (e.g. Böttcher and Welge, 1994, Jentner, 1992, Kreutzer, 1989 and 1991, Meissner, 1991, Meffert, 1991, Müller and Kornmeier, 1995 and 1996, Raffee and Kreutzer, 1986, Rall, 1991, Theis, 1994, Stegmüller, 1993).

This concentration on strategic issues indicates that the American/British literature seems to refer primarily to marketing strategy as the actual emphasis and immediate combination of various marketing mix elements (e.g. Jain, 1987, Aaby and McGann, 1989, Toyne and Walters, 1989) while in contrast to this the German understanding of marketing strategy rather emphasises the long-term marketing planning for achieving corporate objectives by canalising various activities such as the different marketing programme categories (e.g. Bolz, 1992, Becker, 1991, Kreutzer, 1989, Meffert, 1986).

Authors like Bolz (1992), therefore, consider it as essential to further differentiate between the actual standardised contents of the marketing elements and the pursued marketing strategy per marketing category. This differentiation between the degree of the operative standardisation level of specific marketing elements and the more strategic conceptual level will be taken into account in this thesis by measuring both, the actual degree of standardisation of the marketing elements as well as by considering the summated values for each of the key marketing categories.

Table 2.3: The domain of international marketing standardisation in some previous German studies

Author(s)	Promotion	Product	Distribution	Pricing	Strategy / Process
Althans (1982)	X	X	X	X	
Beutelmeyer and Mühlbacher (1986)	X	X	X	X	
Böttcher and Welge (1994)					X
Bolz (1992)	X	X	X	X	X
Grosse and Zinn (1991)	X	X		X	
Jentner (1992)					X
Kreutzer (1989)	X	X	X	X	X
Kreutzer (1991)	X	X	X	X	X
Meissner (1991)					X
Meffert and Bolz (1995)	X	X	X	X	X
Meffert (1991)					X
Meyer (1978)	X	X	X	X	
Müller and Kornmeier (1996)					X
Müller and Kornmeier (1995)					X
Raffee and Kreutzer (1986)		X			X
Rall (1991)					X
Theis (1994)	X				X
Stegmüller (1993)					X

Empirical evidence with regard to the standardisation debate is rather rare and provided primarily by authors like Althans (1982), Beutelmeyer and Mühlbacher (1986), Meyer (1978), Meffert and Bolz (1995) as well as by Bolz (1992).

Althans (1982) focused on 52 advertising agencies from Germany and their promotion approach towards other European markets. Meffert and Bolz (1995) investigated the impact of marketing standardisation on the performance in 92 German companies of the consumer goods industry. They focused on the German home market and the host markets France, Italy and the UK.

Beutelmeyer and Mühlbacher (1986) focused on the degree of marketing standardisation in 94 companies from the pharmaceutical, food, automobile, electrical and information technology industry as well as from firms providing services while Grosse and Zinn (1991) explored MNCs and their degree of marketing adaptation towards South American and European markets.

Meyer (1978) explored the international marketing approach of 31 MNCs from the same industries as Beutelmeyer and Mühlbacher (1986) but also considered the textile and ceramic industry while Bolz (1992) concentrated on 105 German consumer-goods companies with operations in Europe to investigate the degree of marketing standardisation. The findings of these studies vary and are explored in the following section.

2.5: FINDINGS OF PREVIOUS STUDIES

The review of the literature suggests that the findings with regard to marketing standardisation are very mixed. This suggests that they have to be evaluated in the light of the diverse perspectives which were explored by the researchers (Meffert and Bolz, 1995, Ghoshal, 1987, Hamel and Prahalad, 1985). A major aspect one has to be aware of is the difference in terms of the regional scope of previous studies. Some studies and primarily the studies of the supporters of a marketing standardisation refer to a single region such as the European market (e.g. Meffert and Bolz, 1995, Bolz, 1992, Hill and James, 1991, Whitelock and Chung 1989, Whitelock, 1987, Huszagh et al., 1986). Other research findings exclusively refer to more than one region. Several findings consider the "triad" - markets such as the American, Japanese and the European market which are developed to a comparatively high level (e.g. Zou and Laughlin, 1996, Szymanski et al, 1993, Ohmae, 1985, Sorenson and Wiechmann, 1975).

In contrast to this several studies of opponents of a standardised approach seem to primarily refer to single markets which are lesser developed and which are located in the third world (e.g. Daz, 1981, Hill and Still, 1984). Regardless of the regional scope of previous findings a clear bias of previous studies towards exploring the standardisation strategy of US companies can be observed in the standardisation debate (e.g. Baalbaki and Malhorta, 1993, Shao et al, 1992, Hill and Kwon, 1992, Akaah, 1991, Hill and James, 1991).

Table 2.4: Key Findings of international studies on marketing standardisation

Author(s)	Key Findings	Empirical	Conceptual
Agrawal (1995)	The perspective of academics and practitioners towards advertising standardisation changes over time.		X
Akaah (1991)	Only 43% of the marketing mix and process showed a high degree of standardisation. Products are standardised the most, followed by the pricing, distribution and promotion mix	X	
Baalbaki and Malhotra (1993)	High degree of standardisation is not appropriate. Competitive environment influences the degree of standardisation the most.	X	
Barker (1993)	Standardisation is product-orientated. It ignores real differences among segments.		X
Blackwell et al. (1991)	Some elements can be standardised, others require adaptation. Inconsistent brand image can create confusion among customers.		X
Boddewyn et al. (1986)	Industrial goods are standardised the most. Advertising is less likely to be successfully standardised.	X	
Britt (1974)	Limited potential for advertising standardisation with regard to products which are culture-bound or affected by psycho-social aspects		X
Buzzell (1968)	Standardisation decision should be based on evaluation of potential costs and revenues.		X
Cavusgil and Zou (1994)	Industries with a high technology intensity are particularly conducive to marketing standardisation.	X	
Cavusgil et al. (1993)	Support for the contingency perspective. Several aspects influence the degree of standardisation (e.g. industry, product, host market)	X	

Table 2.4 (cont'd)

Author(s)	Key Findings	Empirical	Conceptual
Chhabra (1996)	Products are standardised the most, followed by the distribution, promotion and pricing mix	X	
Dunn (1966)	Supports a middle-of-the road perspective on standardisation. Well educated target groups are influenced to a lower degree by culture.		X
Elinder (1961)	Standardised advertising is desirable and feasible.		X
Fatt (1967)	Standardised advertising campaigns are effective internationally.		X
Harris (1994)	76% of companies standardise their strategy as opposed to the actual marketing contents and executions.	X	
Hill and Kwon (1992)	Level of market sophistication determines degree of standardisation. Some industries more suitable for standardisation than others.	X	
Hill and James (1991)	High degree of product and promotion standardisation in U.S. MNCs with regard to European markets.	X	
Hite and Fraser (1988)	Most firms standardise some aspects and adapt other. Language should be adapted to country markets.	X	
Hout et al. (1982)	Companies need a global approach to be successful.		X
Jain (1989)	Differentiation between marketing programme and process. Importance to consider external and internal dimensions, the higher the degree of similarity the higher the degree of standardisation.		X
Kanso (1992)	75% of companies favour an adaptation approach.	X	
Kirpalani et al. (1988)	46% of companies consider cost reduction as the main benefit of standardisation. 15% consider a consistent corporate image as the key benefit.	X	

Table 2.4 (cont'd)

Author(s)	Key Findings	Empirical	Conceptual
Kustin (1994)	Companies can engage in serving homogeneous markets by a standardised strategy while they should approach diverse markets with a modified marketing mix.		X
Levitt (1983)	Only global companies will achieve long-term success by focusing on homogeneous needs and wants. These firms should be able to offer uniform products which are advanced and low-priced.		X
Martenson (1987)	IKEA succeeds with an uniform marketing strategy.	X	
Miracle (1968)	Focus on the importance of uniformity of internal processes and on uniformity of advertising programme such as the message.		X
Ohmae (1989)	Global flow of information creates demand for high cost products while the creation of an adequate infrastructure determines the success of low cost products.		X
Onkvisit and Shaw (1989)	Global standardised advertising represents a form of myopia.		X
Onkvisit and Shaw (1987)	Standardisation is a matter of degree. Determining aspects in terms of a desirable advertising standardisation are homogeneity of the target group, costs and promotion effectiveness.		X
Ozsomer et al (1991)	German companies show the highest degree of marketing mix standardisation in comparison to U.S. and other European firms. Product features were standardised the most, followed by promotion, distribution and pricing aspects.	X	
Porter (1986)	The two main dimensions of a global strategy are the configuration of value-adding activities and the co-ordination of the activities across markets.		X

Table 2.4 (cont'd)

Author(s)	Key Findings	Empirical	Conceptual
Quelch and Hoff (1986)	Strategic marketing elements (positioning) are easier to standardise than actual executions of elements.		X
Raaij (1997)	A global communication strategy does not necessarily imply a high degree of standardisation. Cultural differences have to be taken into account.		X
Rau and Preble (1987)	The higher the degree of similarity between home and host market (e.g. life cycle) the higher the feasible potential for standardisation. The lower the internal organisational costs and the better the internal communication the higher the degree of standardisation.		X
Roostal (1963)	Barriers to a standardised advertising approach towards Europe persist.		X
Rosen et al. (1989)	A high degree of brand standardisation can be observed.	X	
Samiee and Roth (1992)	No difference with regard to performance between firms which standardise and others.	X	
Sandler and Shani (1992)	Standardised strategies are used more with regard to durable goods in comparison to non-durable goods. Standardisation of advertising and branding are rather independent decisions.	X	
Shao et al. (1992)	Standardisation potential for advertising is limited due to different environments.	X	
Shoham (1996)	High degree of standardisation for product elements, followed by pricing, distribution and promotion mix elements on the same (lower) level.	X	
Shoham (1995)	Markets do not seem to homogenise but rather to shift apart.		X
Sheth (1986)	Only if market resources and market requirements converge, global markets will be reality.		X

Table 2.4 (cont'd)

Author(s)	Key Findings	Empirical	Conceptual
Sorenson and Wiechmann (1975)	High degree of standardisation for product elements, followed by promotion, distribution and pricing mix elements. Marketing process has great standardisation potential.	X	
Szymanski et al (1993)	North America and Europe are rather similar when considered under marketing aspects. Similar resource allocation among the marketing mix elements in these markets leads to a similar performance.	X	
Walters (1986)	Uniform marketing programmes and processes are seldom. Findings regarding the standardisation of the promotion mix are mixed.		X
Wang (1996)	A contingency framework is presented based on product, country and consumer segment characteristics. Decisions regarding the degree of standardisation should be based on the effect of these variables.		X
Whitlock et al (1995)	Modifications are required to the marketing strategy of a brand to be able to generate pan-European sales.	X	
Whitlock and Chung (1989)	Complete standardisation of copy and layout of advertising is rarely possible in France and the UK. In most cases modifications are observed.	X	
Whitlock (1987)	Standardisation is not viable with regard to bedlinen products from the UK to other European markets. Local habits and customs influence modifications.	X	
Wind (1986)	Think global but act locally. Positioning of key importance for the standardisation.		X
Zandpour et al. (1994)	TV advertising must consider cultural aspects.	X	

Table 2.4 (cont'd)

Author(s)	Key Findings	Empirical	Conceptual
Zou and Cavusgil (1996)	The standardisation debate has been dominated by the industrial organisation perspective focusing on external factors while neglecting internal aspects.		X
Zou and Laughlin (1996)	Japanese MNCs seek a higher degree of product standardisation in the U.S. than European MNCs.	X	

With regard to the German studies the findings are not quite as diverse as in the international debate. But this observation has to be seen in relation to the limited number of studies and the fact that the researchers have concentrated more on one aspect in the debate, namely strategic and organisational factors. Table 2.5 summarises the German key findings.

Table 2.5: Key Findings of previous German Standardisation Studies

Author(s)	Key Findings	Empirical	Conceptual
Althans (1982)	High degree of standardisation for product elements, followed by promotion and distribution and pricing mix elements.	X	
Beutelmeyer and Mühlbacher (1986)	High degree of standardisation for product elements, followed by distribution, promotion and pricing mix elements.	X	
Böttcher and Welge (1994)	Strategic information generation is of key importance with regard to success in global organisations. A model is proposed for strategic information diagnosis focusing on global information processes.		X
Bolz (1992)	High degree of standardisation for product elements, followed by distribution, promotion and pricing mix elements.	X	

Table 2.5 (cont'd)

Author(s)	Key Findings	Empirical	Conceptual
Grosse & Zinn (1991)	High degree of standardisation for product elements, followed by promotion and pricing mix elements.	X	
Jentner (1992)	Developments within the European market require strategic re-evaluations, different strategies are explored.		X
Kreutzer (1989)	The threat of substitutes influence the potential degree of product standardisation. Different variants of product standardisation are explored.		X
Kreutzer (1991)	The marketing mix elements have different potentials with regard to the degree of standardisation. It is to be evaluated as part of an overall strategy including the marketing process and the corporate identity.		X
Meissner (1991)	A global marketing strategy has to be evaluated on the basis of the relevant strategic success factors. Strategy portfolios and market aspects are analysed.		X
Meffert and Bolz (1995)	The Standardisation of the promotion mix has a negative impact on performance. The Standardisation of the product and distribution mix has a positive impact on performance. (no relation was found for the pricing standardisation / performance)	X	
Meffert (1991)	Three factors determine a standardisation strategy: the globalisation of markets, competition and industries. Especially, the marketing processes and the corporate culture have to be re-consider.		X

Table 2.5 (cont'd)

Author(s)	Key Findings	Empirical	Conceptual
Müller and Kornmeier (1996)	The notion that global markets become increasingly homogeneous cannot be supported. Several barriers to a high degree of standardisation are discussed.		X
Müller and Kornmeier (1995)	Culture is the determining factor with regard to the international standardisation of marketing strategy. The complexity of the cultural construct is analysed.		X
Meyer (1978)	High degree of standardisation for product elements, followed by distribution, promotion and pricing mix elements.	X	
Raffee and Kreutzer (1989)	Success of global marketing activities depends on how effective its organisational incorporation is. Various organisational possibilities for the incorporation of global marketing are explored.		X
Rall (1991)	Supports the contingency perspective with regard to the internal organisation of the marketing process. Different organisational concepts (e.g. Lead Location Concept) are analysed and compared.		X
Theis (1994)	The standardisation of global advertising is a matter of degree. A model is suggested which combines the benefit of a reduction in terms of costs while securing a high degree of international success.		X
Stegmüller (1993)	The structure of international marketing activities are analysed with regard to the corporate orientation and various strategic levels.		X

Table 2.4 and Table 2.5 illustrate the diversity of previous findings. Conceptually, different authors place emphasise on different standardisation issues. Several authors argue in favour of a certain approach towards marketing standardisation which they consider desirable (e.g. Baalbaki and Malhorta, 1993, Cavusgil et al, 1993, Dunn, 1966, Hout et al, 1982, Kustin, 1994, Rall, 1991, Onkvisit and Shaw, 1987, Sheth, 1986, Theis, 1994) and recently, there seems to emerge an increased interest in contingency models in order to investigate the different internal and external aspects which have an impact on the standardisation decision (e.g. Zou et al., 1997, Wang, 1996).

Other researchers focus on various aspects of the environment which influences the international marketing standardisation (e.g. Britt, 1974, Dunn, 1966, Hill and Kwon, 1992, Meffert, 1991, Meissner, 1991, Müller and Kornmeier, 1996 and 1995, Jain, 1989, Raaij, 1997, Rau and Preble, 1987, Roostal, 1963, Shao et al, 1992, Shoham, 1995, Sheth, 1986, Wind, 1986, Zandpour et al, 1994).

In contrast to these areas of key interest studies which concentrate primarily on the impact of marketing standardisation on performance are fewer (e.g. Meffert and Bolz, 1995, Samiee and Roth, 1992, Schneeweiss, 1985, Shoham, 1996, Szymanski et al, 1993). The same observation can be made with regard to international studies which focus on conceptual frameworks in terms of the marketing

standardisation (e.g. Zou and Cavusgil, 1996, Zou and Laughlin, 1996, Wang, 1996, Jain, 1989, Yip, 1989,).

The review of the literature also suggests that the standardisation of the actual content of the marketing programme elements (e.g. an advertising TV spot) can be considered as being more difficult than the standardisation of marketing programme concepts (e.g. advertising campaigns) (e.g. Harris, 1994, Meffert, 1991, Quelch and Hoff, 1986).

With regard to the potential for standardising the marketing process a similar situation occurs. There seems to be a higher potential for standardising the strategic conceptual process than the actual operative methods which harmonise the marketing activities in the country organisations (Böttcher and Welge, 1994, Jentner, 1992, Walters, 1986, Miracle, 1968). In comparison to the standardisation potential of the marketing programme some authors consider the standardisation of the marketing process as having the higher potential to be standardised to a high degree (Böttcher and Welge, 1994, Jentner, 1992, Meffert, 1991, Kreutzer, 1989, Sorenson and Wiechmann, 1975).

Authors like Rall (1991), Raffee and Kreutzer (1989) and Kreutzer (1989) even suggest that the harmonisation of the marketing process is potentially more important than the harmonisation of the marketing programme. Firstly, this is because the contents of the marketing programme is the most difficult to harmonise and secondly because

one can consider the harmonisation of the marketing process as of having a catalyst function for further standardisation activities (Meffert, 1991).

The author argues that the harmonisation of management systems in the countries often leads to a higher degree of transparency with regard to information and thus represents a crucial key with regard to the integration of formerly decentral activities. Therefore, finding the most beneficial degree of standardisation of marketing programme and process is crucial for the success of a company (e.g. Baalbaki and Malhorta, 1993, Wang, 1996, Rall, 1991).

Nevertheless, some authors (e.g. Zou and Cavusgil, 1996 Meissner, 1991, Raffee and Kreutzer, 1989) argue that a large amount of the relevant literature neglects this important internal dimension of management systems by focusing on the instrumental level of the marketing programme only.

This limits a lot of previous research to an investigation of the standardisation of product or price or promotion or distribution or single aspects of these marketing mix elements (e.g. Hill and Still, 1984, Sorenson and Wiechmann, 1975, Walters and Toyne, 1989). With regard to these aspects a key interest of many studies remains the question to which a standardisation is desirable and feasible (e.g. Akaah, 1991, Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Cavusgil et al, 1993, Chhabra, 1996, Grosse and Zinn,

1991, Meyer, 1978, Ozsomer et al, 1991, Rosen et al, 1989, Shao et al, 1992, Sorenson and Wiechmann, 1975, Whitelock and Chung, 1989, Whitelock, 1987).

Table 2.6 and Table 2.7 show the findings of some empirical studies which explore the degree of the marketing mix standardisation. Table 2.6 concentrates on international studies while Table 2.7 presents the findings of German authors.

Table 2.6: Different Levels of Standardisation of the Marketing Mix in prior Research (based on Shoham, 1995)

STUDY	Chhabra ¹ (1996)	Shoham ² (1996)	Akaah ³ (1991)	Ozomer et al ⁴ (1991)	Schuster & Bodkin ⁵ (1987)	Boddewyn et al ⁶ (1986)	Hill and Still ⁷ (1984)	Sorenson & Wiechmann ⁸ (1975)	Weinrauch & Rao ⁹ (1974)
Product									
Features	34%	4.8	2.7	3.97	53%	33-42%	42-67%	81%	45%
Brand name	93%	-	2.4	3.88	-	35-50%	69%	93%	-
Packaging	51%	-	3.0	3.71	-	-	47-65%	75%	37.5%
Price									
Price	54%	3.3	4.0-4.1	2.96	33%	-	-	56%	28%
Credit terms	19%	3.21	-	-	-	-	-	-	36%
Promotion									
Promotion	48%	2.95	-	3.10	60%	13-25%	-	-	48%
Message	-	-	3.7	3.64	-	-	-	71%	-
Sales Promotion	20%	-	4.5	3.24	53%	-	-	56%	-
Public Relations	-	-	4.2	-	67%	-	-	-	-
Distribution									
Distribution	50%	2.95	4.0-4.1	-	-	-	-	-	42%
Sales Force	56%	2.88	3.7	3.12	-	-	-	74%	-

¹ Percentage of firms reporting standardisation in contrast to an adaptation approach² Scale value on a seven point scale (1-adapted, 7-standardised)³ Scale value on a seven point scale (1-highly similar, 7-very different)⁴ Scale value on a seven point scale (1-very different, 7-very similar)⁵ Percentage of firms reporting no differences in marketing mix⁶ Percentage of firms reporting very substantial standardisation⁷ Percentage of firms reporting no differences in marketing mix⁸ Percentage of firms reporting high levels of standardisation⁹ Percentage of firms reporting negligible or no adaptation

Table 2.7: Different Levels of Standardisation of the Marketing Mix in prior German Research

STUDY	Bolz ¹⁰ (1992)	Grosse & Zinn ¹¹ (1990)	Beutelmeyer & Mühlbacher ¹² (1986)	Althaus ¹³ (1982)	Meyer ¹⁴ (1978)
Product					
Product features	71%	-	93%	92%	45%
Brand name	89%	1.75	91%	95%	63%
Packaging	87	-	82%	57%	57%
Price					
Price	25%	2.8	52%	30%	13%
Credit terms	24%	-	-	-	10%
Promotion					
Promotion	-	2.36	-	-	-
Advertising Message	32%	-	75%	65%	-
Sales Promotion	16%	-	56%	46%	18%
Public Relations	19%	-	-	-	19%
Distribution					
Distribution	41%	-	76%	59%	-
Sales Force	-	-	-	-	20%

¹⁰ Percentage of firms reporting high levels of standardisation in 105 German firms with consumer goods (target market: Western Europe)

¹¹ Findings on a four-point scale (1=very substantial standardisation)

¹² Percentage of firms reporting high or identical level of standardisation in 94 MNCs (pharmaceuticals, food, automobile, services, IT)

¹³ Percentage of firms reporting an identical approach in 37 overseas operations of MNCs in South Africa (automobile, chemicals, food, electronics)

¹⁴ Percentage of firms reporting a high or identical degree of standardisation in 31 MNCs (food, chemicals, textiles, mechanical components, ceramics)

2.6 THE DEGREE OF PRODUCT STANDARDISATION

As illustrated by Table 2.2 the general discussion regarding product standardisation has attracted a lot of attention (e.g. Baalbaki and Malhorta, 1993, Hill and James, 1991, Kustin, 1994, Levitt, 1983, Samiee and Roth, 1992, Whitelock, 1987, Zou and Laughin, 1996). Some key studies which specifically explore the degree of product standardisation as part of the marketing programme are shown in Table 2.6 and Table 2.7 (e.g. Akaah, 1991, Althans, 1982, Bolz, 1992, Beutelmeyer and Mühlbacher, 1986, Chhabra, 1996, Grosse and Zinn, 1991, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

The literature review reveals differences not only with regard to the degree of the standardisation but also with regard to the notion of what a standardised product is. While authors like Jeannet and Hennessey (1992) differentiate between customised and standardised products other authors like Toyne and Walters (1990) primarily differentiate between

- uniform products
- modified products

While uniform products are considered by the authors to be identical regardless of the target market the modified products are similar to a very high degree and characterised by some minor country-specific changes only. In contrast to these two options the adapted products are

specifically developed with regard to the special requirements of different country markets. The choice to adapt products to the specific country needs is based on the notion that the impact of the barriers of standardisation is too high to pursue the first two options (e.g. Bolz, 1992, Toyne and Walters, 1990, Kreutzer, 1989).

2.6.1 UNIFORM PRODUCTS

There are different approaches which can be pursued to reach an uniform product which serves all target markets. Perlmutter (1969) describes one possible approach by presenting an ethnocentric standardisation approach. A company which follows this way transfers a product or an entire product concept unchanged to other country markets after this product has been successful in the home market. An advantage of this approach is that the additional sales which are generated abroad come with rather low cost which makes this export-orientated strategy attractive to a certain degree (e.g. Meffert and Bolz, 1995, Bolz, 1992, Kreutzer, 1989).

Another option to achieve a degree of product uniformity is the "premium prototype approach" (Walters and Toyne, 1989, page 39). By pursuing this approach a company develops a product which targets the high price segment. Then this product is distributed unchanged to other country markets. The high potential for standardisation of products in this segment is considered to have different reasons. Levitt (1983) argues that the target group for luxury goods is very similar across different markets. Kreutzer (1989)

stresses with regard to the high standardisation potential of luxury goods that the threat of substitution is rather low in this segment especially as long as they are innovative and benefit from some advantages related to image such as a positively perceived country of origin.

The third option in terms of developing uniform products is the approach which takes into account the requirements of a large number of different target markets. The similarities of these countries are evaluated and the product might be modified in the sense of the common denominator approach (Bolz, 1992). Baden Fuller and Stopford (1988) as well as Kreutzer (1989) describe a slightly different execution of this approach in which almost all requirements of the different markets are collected and implemented in one product resulting in a product which offers more to each group of the national consumers. Kreutzer (1989) states that the comparably high costs of such an interpretation of the common denominator approach will be compensated by positive economy of scale effects.

2.6.2 MODIFIED PRODUCTS

The aim which a company pursues with modified products is to combine the advantages of a highly standardised approach with the advantages which arise by taking into account major needs of key markets (Walters and Toyne, 1989). The main approach to achieve this aim is to utilise specific modules of regional or global core

products which can be modified to specific country market requirements as often used in the car industry (Bolz, 1992).

Another approach towards modified products is a built-in-flexibility which enables the company to offer the product in different target markets (Kreutzer, 1989). The author illustrates the advantages of this built in flexibility with examples from the electronic industry which frequently uses this approach. The changeable voltage of many electronic devices such as shavers, for instance, serve as good examples for this product strategy.

These different options in terms of the product aspect aim to achieve a high degree of product standardisation and indeed empirical findings show that the marketing category which is found to be standardised to the highest degree in all studies refers to product mix elements (e.g. Akaah, 1991, Bolz, 1992, Chhabra, 1996, Sorenson and Wiechmann, 1975).

The findings of Akaah (1991) suggest that the high degree of product mix standardisation is followed by the standardisation of the pricing mix. The categories which are standardised to a lower extent are the distribution and the pricing mix in this ranking order. The same ranking order was found by Chhabra (1996).

Ozsomer et al (1991) found a different ranking order in terms of the degree of marketing programme standardisation. While the product

mix remains the category which is standardised to the highest degree as in the other findings the category which were standardised to the second highest degree was the promotion category, followed by the distribution and the pricing programme. The same order was found in the studies of Sorenson and Wiechmann (1975), Althans (1982) and partly by Grosse and Zinn (1991) who found the product category to lead the promotion mix.

However, most German studies show a different pattern. Beutelmeyer and Mühlbacher (1986) also found that the product mix was standardised to the highest degree but in their findings it was followed by the distribution mix and the promotion category. The pricing mix was standardised to the lowest extent. These findings regarding the ranking order are supported by the findings of Bolz (1992) and Meyer (1978). These findings are summarised in Table 2.8.

Proposition P1-1 was formulated to test the above findings with regard to the German companies of this study:

Proposition P 1-1

The highest level of standardisation within the marketing mix categories is likely to be found in the product mix category (e.g. Akaah, 1991, Bolz, 1992, Chhabra, 1996, Grosse and Zinn, 1991, Ozsmer et al, 1991, Shoham 1995, Sorenson and Wiechmann, 1975).

Table 2.8 presents the ranking order in terms of the degree of the marketing programme categories of previous studies. The higher the degree of standardisation the lower the ranking number (a "1" represents the highest degree of standardisation).

Table 2.8: Ranking order in terms of the Degree of Standardisation¹⁵

STUDY	Akaah (1991), Chhabra (1996), Shoham (1996)	Althans (1982), Ozmer et al (1991), Sorenson & Wiechmann (1975)	Beutelmeyer & Mühlbacher (1986), Bolz (1992), Meyer (1978)
Highest degree of Standardisation  Lowest degree of Standardisation	Product	Product	Product
	Pricing	Promotion	Distribution
	Distribution	Distribution	Promotion
	Promotion	Pricing	Pricing

Table 2.8 illustrates that in all key studies which were investigated the product category shows the highest degree of standardisation. It also indicates that for the other categories there are different patterns but many studies found a low degree of standardisation with regard to the price category. Most German findings suggest that companies standardise their products to the highest degree followed by distribution, promotion and pricing mix (e.g. Bolz, 1992, Beutelmeyer and Mühlbacher, 1986, Meyer, 1978).

¹⁵ The studies of Boddewyn et al (1986), Grosse and Zinn (1991) and Schuster and Bodkin (1987) were not considered because they did not cover all categories.

With regard to specific elements of the product dimension the study of Sorenson and Wiechmann (1975) found the highest degree of standardisation (81%) with regard to product features. The lowest degree of product feature standardisation was found by Chhabra (1996) who reported that only a third (34%) of the companies standardise this aspect of the marketing mix. Other international studies report percentages around 50 % (e.g. Schuster and Bodkin, 1987, 53%; Hill and Still, 1984, 42-67%; Weinrauch and Rao, 1974, 45%).

The German studies tend to show a standardisation level which is even slightly higher. As Table 2.7 illustrates Beutelmeyer and Mühlbacher (1986) report a percentage of 93% and Althans (1982) a similar high degree (92%). Bolz (1992) found that 71% of the German firms standardised their product features. The lowest level reported was 45% (Meyer, 1978).

The degree to which the brand name is standardised tends to be even higher both, in international as well as in German studies. The findings of Chhabra (1996) as well as the ones by Sorenson and Wiechmann (1975) suggest a standardisation level of 93%. Althans (1982) findings are even higher (95%) while Beutelmeyer and Mühlbacher (1986) are slightly lower (91%). The lowest level of brand name standardisation was observed by Boddewyn et al (1986) who found that 35-50% of the firms standardised their brand name.

Based on this observation proposition P 1-2 was put forward to confirm these findings with regard to the top 500 German firms.

Proposition P 1-2

Within the product elements the "brand name" will be standardised to a very high degree that is higher than the degree of most other product elements (Chhabra, 1996, Sorenson and Wiechmann, 1975, Althans, 1982, Beutelmeyer and Mühlbacher, 1986).

Several authors have stressed the importance of a harmonised brand name with regard to the standardisation of other marketing mix elements and particular in terms of German companies that a very similar degree of standardisation can be expected for the product quality because German companies primarily compete on the quality of their products (Bolz, 1992, Shaw, 1994, Simon, 1990, Meffert and Althans, 1982, Ricks, 1983). This aspect will therefore be explored in detail in chapter five.

2.7 THE DEGREE OF PRICE STANDARDISATION

With regard to the standardisation of the price category Table 2.8 shows that the findings of previous studies are mixed. The findings of Akkah (1991), Chhabra (1996) and Shoham (1996) suggest a rather high standardisation potential but all other studies observe a low degree of standardisation (e.g. Bolz, 1992, Ozsmer et al, 1992, Sorenson and Wiechmann, 1975).

Nevertheless, the literature suggests various aspects which make the quest for a price standardisation desirable (e.g. Buzzell, 1968, Terpstra, 1978, Kahmann, 1972):

- decrease of re-imports and company-internal competition
- decrease of confusion of customers
- consistent image positioning

One major advantage which a standardised approach towards the price elements offers is the potential decrease with regard to parallel imports and company-internal competition. Authors like Buzzell (1968), Terpstra (1987) and Kahmann (1972) argue that only a high degree of harmonisation of the price elements ensures that no competition arises between different country organisations, licensees or wholesalers. This aspect becomes the more important the more a company sells its products or services to customers which operate internationally themselves (Kahmann, 1972).

The issue of pricing is also very much related to the problem of parallel imports. These grey imports can always emerge if differences in price elements exist between markets which are geographically close and in which there is a permanent transfer of information and goods under low legal restrictions (Duhan and Sheffet, 1988, Phillips et al, 1994, Weiss, 1982). The authors stress that parallel imports do not only represent a major threat to the profit of a company concerned but that they also represent a threat to the image of the firms.

Therefore, authors like Cavusgil and Sikora (1988) argue not to be concerned with the legal system alone but to take (management-) action steps while authors like Cecchini (1988) argue in favour of a high degree of price standardisation within specific regions which decrease the attractiveness of grey imports.

Channon and Jalland (1979) state that a company which sells similar or uniform products at different price levels in different markets risks to confuse their customers. Significant differences can also undermine the credibility of the company. Kahmann (1972) argues in the same direction. The potential damage and confusion is likely to be the higher the more the company offers their products in the same retail organisations. Kreutzer (1989) argues that this situation gets even more problematic if the retail organisations themselves operate on a higher degree of price standardisation.

Various authors (e.g. Blackwell et al, 1991, Buzzell, 1968, Peebles, 1989) stress that consistent image positioning is one of the major advantages which the standardisation of the marketing mix elements offers. This notion includes the standardisation of the price elements which have a high share of importance in terms of the image of a company. Kreutzer (1989) argues that even price differences in certain markets which are based on objectively high costs due to aspects like higher tax or high transport costs represent a major threat to the aim of consistency in image perception. The author suggests to communicate

the reasons for the differences to remain credible with regard to the target groups.

But despite these potential benefits of a high degree of price standardisation, the findings which suggest a low potential for standardisation in this marketing programme category must have reasons they are based on. Different authors (e.g. Cateora and Hess, 1979, Cannon, 1985, Segler, 1986) stress that aspects such as costs for transportation, for tax, tariffs and an increased number of middlemen in different country markets can increase the difference between the price in the home and in the target markets. Moreover, there might be different retail margins and legal requirements in terms of product liability which have to be considered to a high degree in certain markets like the USA, for instance, in which the legal regulations regarding product liability are extremely strict (Schilling and Joerissen, 1988). There are more aspects such as currency fluctuations and political risks which might require additional financial reserves which will increase costs and thus reduce the potential for a high degree of price standardisation (Müller and Kornmeier, 1996, Bolz, 1992). Terpstra (1987) argues with regard to markets with extreme changes in inflation rates in favour of specific calculation schemes.

Phillips et al (1994) stress the importance of the issue of perceived value for money in different country markets. They illustrate the example of Mark and Spencer's higher prices for high quality food in the UK which could not be transferred to other markets because of

different price/quality relations among consumers. This example also emphasises the importance of the consumers' response. In different country markets there are different perceptions of risks when buying a product which differentiates the willingness to pay a certain price (e.g. Cunningham, 1967). Finally a barrier for a high degree of price standardisation is given in the different macro-economic aspects such as the purchasing power of consumers in different country markets which will influence the demand/supply structure and the product life cycle of the product (Jeannet and Hennessey, 1992, Phillips et al, 1994). Kreutzer (1989) stresses that these aspects have an impact on the prices of the competitors which also determines the degree of price standardisation.

Based on the above discussion and the findings of previous studies the following proposition is going to be tested in this study.

Proposition P 1-3

The price elements show a lower degree of standardisation than the product elements because its potential for a high degree of standardisation is extremely sensitive to limiting factors such as the marketing infrastructure of the host markets (Shoham, 1995, Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Boltz, 1992, Meyer, 1978, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

2.8 THE DEGREE OF DISTRIBUTION STANDARDISATION

Hamel and Prahalad (1985) argue that the standardisation of the distribution elements are primarily concerned with the choice of identical distribution channels. The authors argue that "an investment in world-scale manufacturing, when not linked to an investment in global distribution, presents untenable risks" (Hamel and Prahalad, 1985, page 146).

But similar to the potential for the standardisation with regard to prices the distribution elements are thought of as having a rather low potential for standardisation (e.g. Bolz 1992, Kreutzer, 1989, Shoham, 1995). As Table 2.8 illustrates the findings of authors like Akaah (1991), Chhabra (1996) and Ozsmer et al (1991) lend support to this notion.

In most empirical studies the level of standardisation of the distribution mix and the price category follow each other because of their highly similar potential for standardisation (Akaah, 1991, Althans, 1982, Chhabra, 1996, Shoham, 1996, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975). In some studies the differences are minimal (e.g. Shoham, 1996).

This observation appears to be primarily based on the fact that the standardisation of distribution elements heavily relies on existing market structures and in many cases on the dependence on other local

companies to perform distribution services abroad. Aspects which were also discussed in the section of the price standardisation. Phillips et al (1994) point out that the majority of companies in non-domestic markets are unlikely to be able to claim distribution channel leadership which makes them vulnerable to pressure from other companies.

Therefore, authors like Bolz (1992), Meffert and Althans (1982) and Quelch and Hoff (1986) mention the concept of franchising as a way to combine a highly standardised distribution approach with a large amount of control with country specific components of the country markets. Bolz (1992) argues that otherwise a major restraint might arise from the unwillingness of mighty national outlet chains to co-operate which might lead to either restricted distribution or to relatively high costs resulting from the need to buy shelf places in the stores.

If a direct distribution channel with its advantages of direct control and a higher potential for standardisation is not possible an indirect distribution approach has to be considered. The methods and key criteria for selecting the channels vary but the primary factors are related to costs, capital, control, coverage, character and continuity issues (Cateora, 1990, Czinkota and Ronkainen, 1990, Phillips et al, 1994, Usunier, 1993).

But Baden Fuller and Stopford (1988) illustrate with their research into household goods in Europe how different the importance of various distribution channels can be even within a single region which limits the potential of a high degree of distribution standardisation (table 2.9).

Table 2.9: Distribution Channels of Household Goods (in %) in European Key Markets (source: Baden Fuller and Stopford, 1988)

	Germany	France	Italy	UK
Department Stores	40-50	45	5-10	70
Specialists Dealers	25-35	25	80-90	20
Wholesale Dealers	25-35	30		
Mail-order Selling	Unknown	Unknown	5-10	10

Based on these limiting factors and the empirical findings of authors like Akaah (1991), Chhabra (1996) and Shoham (1996) the following proposition was formulated to be tested in this study:

Proposition P 1-4

The distribution elements have a lower degree of standardisation potential than the product elements by showing a similar standardisation level as the price elements due to their comparable sensitivity towards the marketing infrastructure of the overseas markets (Akaah, 1991, Althans, 1982, Chhabra, 1996, Shoham, 1996, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

Another important aspect related to the distribution elements is the management of the sales force whose personnel might possess different cultural expectations (Honeycutt and Ford, 1995). The authors state with regard to management of the sales force and the organisation of the sales regions that "to automatically assume that what has worked in one country will work in another can lead to disastrous results" (Honeycutt and Ford, 1995, page 135).

Hill et al (1991) emphasise that firms in international markets often organise their sales forces similar to domestic structures, regardless of differences. There are various means (e.g. products, customers, concentration of distribution outlets) by which the sales force can be organised but one of the most common approaches is to organise the sales force along geographical territories within a specific region or country market (Churchill et al, 1993).

But while the approach to organise the sales force along geographical territories might offer a certain potential for standardisation the management of the sales force with regard to aspects such as motivation, compensation and training differ greatly throughout culturally diverse markets (Cundiff et al, 1988, Hill et al, 1991, Honeycutt and Ford, 1995).

Empirical findings regarding this aspect are rare but they suggest a rather limited potential for standardisation as conceptually anticipated above. Akaah (1991) found a medium to low degree of standardisation

while Meyer (1978) found that only 20% of companies standardise this aspect. Medium levels of sales force standardisation are reported by Ozsmer et al (1991) and Chhabra (1996). The only high degree of standardisation was found in the study of Sorenson and Wiechmann (1975) which observed that 74% of their firms standardised this aspect.

Based on these empirical findings and the conceptual factors as discussed the following proposition was put forward:

Proposition P 1-5

Within the distribution elements the "management of the sales force" is likely to be standardised to the lowest degree because of the predominant dependence on different cultural expectations of the sales personnel as well as due to differences in the market structures (Akaah, 1991, Baden Fuller and Stopford, 1988, Honeycutt and Ford, 1995, Hill et al, 1991, Meyer, 1978).

**2.9 THE DEGREE OF PROMOTION
STANDARDISATION**

Companies use their promotion mix elements which include various aspects like advertising, personal selling or sales promotion with the aim to communicate with their various publics (Kotler, 1996). As Table 2.8 illustrates companies approach this issue with regard to the

degree of standardisation very differently. There are studies which found the promotion category to be the one which is standardised to the second highest degree compared to the other categories (e.g. Ozsomer et al, 1991, Sorenson and Wiechmann, 1975) but there are also studies which suggest that the potential for a high degree of promotion standardisation is rather limited (e.g. Chhabra, 1996, Shoham, 1996, Shao et al, 1992).

Nevertheless, authors like Meffert and Althans (1982) emphasise the need for companies to use the promotion elements to positively influence actual and potential customers in the home market as well as in overseas markets. They argue that the standardisation of the promotion mix elements can lead to a reduction in (production) costs especially with regard to advertising (e.g. Elinder, 1961, Fatt, 1967).

But in addition to a decrease in development costs of promotion campaigns a standardisation of promotion elements offers the chance to build a more homogeneous perception of the brand on a world-wide basis (e.g. Blackwell et al, 1991, Levitt, 1983,). This can have another positive effect in terms of a decrease of irritation of the consumers which might be otherwise produced through frontier-crossing promotion messages with a different focus (Müller and Kornmeier, 1996).

Tietz and Zentes (1980; page 399) summarise the potential advantages of standardised promotion elements as

- reduction of the overall costs
- regional/global use of successful advertising ideas
- development of an uniform corporate image
- more efficient utilisation of the promotion budget
- opportunity to use cross-border media

These potential advantages of this approach probably are the reason why the standardisation of the promotion elements has attracted such a large amount of research interest. (e.g. Althans, 1982, Elinder, 1961, Fatt, 1967, Harris, 1994, Hite and Fraser, 1988, Kanso, 1992, Kaynak, 1989, Landwehr, 1988, Peebles et al, 1977, Roostal, 1963, Steffens, 1982, Theis, 1994, Tostmann, 1985, Whitelock et al, 1995, Zandpour et al., 1994).

However, several authors stress that there are also a number of aspects which limit the use of a standardised approach (e.g. Boddewyn et al, 1986, Britt, 1974, Onkvisit and Shaw, 1987, Raaij, 1997, Shao et al., 1992, Whitelock and Chung, 1989). Authors like Bolz, 1992, Chhabra (1996), Kreutzer (1991), Meffert (1991) and Hensmann (1989) emphasise differences with regard to the media structure which exist within regions such as Europe which limit a standardised approach towards promotion elements. Other authors strengthen this notion by stressing that the specific retail structures of country markets as well as different legal restrictions have an important impact on the degree of standardisation with regard to sales promotion activities (e.g. Müller and Kornmeier, 1995, Walters, 1986).

Taking into account the potential benefits as well as the barriers it does not surprise that the findings are mixed as Table 2.6 and Table 2.7 show. With regard to the standardisation of promotion Shoham (1995) found that the scope of complete promotion standardisation varied from 60% (Schuster and Bodkin, 1987) to just 13% (Boddewyn et al, 1986) while the range of complete standardisation of specific promotion elements varied from 43-71 %. Within these extremes the findings of Chhabra (1996) suggest a medium degree of standardisation of 48%, the same level of standardisation was found by Weinrauch and Rao (1974). Based on these findings the following proposition is suggested for testing in the process of this study:

Proposition P 1-6

The promotion category will be standardised to a medium to high degree but lower than the product category acknowledging that several advantages can be achieved by a promotion standardisation (Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Müller and Kornmeier, 1996, Ozsmer et al, 1991).

Within the promotion category the international as well as German findings all suggest that the promotion element which is standardised to the highest degree is the advertising message. Table 2.6 illustrates this for the studies of Akaah (1991), Ozsmer et al (1991) and Sorenson and Wiechmann (1975). Table 2.7 supports this notion with regard to the findings of Althans (1982), Bolz (1992) and Beutelmeyer

and Mühlbacher (1986). However, the level of standardisation varies considerably between the studies though.

The highest degree of advertising standardisation was found in the studies of Beutelmeyer and Mühlbacher (1986) who reported 75% which is similar to the findings of Sorenson and Wiechmann (1975) who observed 71%. Althans (1982) found that 65% standardised their message while the lowest degree was found by Bolz (1992) who saw only 32% of German companies to standardise their advertising message but even this low level was higher than the other promotion elements measured in his studies (e.g. sales promotion: 16%). Based on these findings proposition P 1-7 was formulated to be confirmed with regard to the German companies of this study:

Proposition P 1-7

Within the promotion elements the "advertising message" will be standardised to the highest degree (Akaah, 1991, Bolz, 1992, Beutelmeyer and Mühlbacher, 1986, Kreutzer, 1989, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975, Theis, 1994).

Nevertheless, as stated above one has to be aware of the limitations of the findings as presented in Table 2.6, Table 2.7 and Table 2.8: The underlying surveys were not consistent and varied in important aspects such as their scope or the choice of industry. As also indicated one must be rather careful with an evaluation of the degree of marketing standardisation based on single aspects of product, price,

promotion and distribution elements as it can be misleading in the sense that it might neglect the overall marketing standardisation strategy of the firms (e.g. Bolz, 1992, Kreutzer, 1989). An evaluation of the degree of the marketing process is even more difficult because studies which explored this aspect empirically are hardly existing so far. There is not only a predominance towards conceptual studies in this area but also towards German studies which tend to place more emphasis on this issue than the international literature (e.g. Bolz, 1992, Becker, 1991, Kreutzer, 1989, Meffert, 1986).

2.10 POTENTIAL BENEFITS OF MARKETING STANDARDISATION

Based on an extensive literature review the benefits of marketing standardisation can be condensed to issues related to costs benefits, management efficiency and consistent brand image and appearance (e.g. Bolz, 1992, Buzzell, 1968, Kreutzer, 1989, Levitt, 1983, Ohmae, 1989, Peebles, 1989, Quelch and Hoff, 1986, Kirpalani et al, 1988). The related disadvantages can be summarised by issues addressing conflicts between the headquarters and the country organisations as well as the arguably limited use of highly standardised approaches due to various barriers to marketing standardisation such as cultural factors, legal regulations, technical as well as competition-related factors (e.g. Müller and Kornmeier, 1996, Shoham, 1995, Hill and Kwon, 1992).

2.10.1. COST REDUCTION

The positive impact of marketing standardisation on costs has been a key argument for the proponents of a standardisation approach right from the beginning of the marketing standardisation debate (Buzzell, 1968, Elinder, 1961, Kirpalani, 1988). This notion has been strongly identified with the work of Levitt (1983). The underlying premise of this notion is that world markets converge due to homogenising consumer preferences through aspects such as increased access to communication or decreased travel costs (Buzzell, 1968, Levitt, 1983, Ohmae, 1989, Porter, 1986). This leads to the emergence of homogeneous cross-country market segments. Based on this premise several authors argue in favour of a standardisation stressing the theory of economies of scale (Levitt, 1983, Porter, 1980, 1985) which can be challenged (Whitelock and Pimblett, 1997).

This cost benefit can include all areas of the marketing mix but in particular promotion and advertising activities (Hout et al 1982, Quelch and Hoff, 1986). Porter (1986) adds to this discussion that marketing standardisation also has the potential to enhance product quality through a stronger focus on the various operations in the value chain (Porter, 1985, 1986, Yip, 1989). Moreover, authors like Meffert and Bolz (1995) argue that the cost argument is based on the notion that a standardised marketing approach will lead to the accumulation of experience and economies of scale effects which can offer cost advantages in comparison to competitors. These advantages can be

even transformed into price advantage in comparison to competitors which will lead to a high market share and to high profitability (e.g. Levitt, 1983, Porter, 1985, 1986).

2.10.2 INCREASED MANAGEMENT EFFICIENCY

Buzzell (1968) and Quelch and Hoff (1986) emphasise the improved management efficiency which a standardised approach can generate in terms of a strong influence of the headquarters on the immediate implementation of marketing activities in the country markets. However, this benefit of an improved execution efficiency also includes a large potential for conflicts between the country organisations and headquarters (Peebles, 1989, Quelch and Hoff, 1986, Wiechmann and Pringle, 1979).

Meanwhile, Martinez and Jarillo (1989) argue that the complexity and uncertainty of an international environment requires rather informal co-ordination and control mechanisms as opposed to the high levels of formalisation and centralisation as found in globally orientated organisations. Thus, the environmental aspect can threaten an increased management efficiency when it is based on a high degree of formalisation (Roth et al, 1991). Other findings (e.g. Hedlund, 1994, Hedlund, 1993, Hedlund and Riddersdale, 1992, Macharzina, 1992) strengthen the notion that informal exchange of information and cross-departmental relations built on consensus gain increasing importance within companies which operate internationally. This can be

interpreted as a challenge to the notion that a key benefit of standardisation is an increased management efficiency.

2.10.3 CONSISTENT BRAND IMAGE

Another major benefit of marketing standardisation is the notion of a consistent brand image (e.g. Blackwell et al, 1991, Buzzell, 1968, Peebles, 1989, Peebles et al, 1977). The advances in communication and transportation systems around the world enables consumers to easily access information across national boundaries. If a company pursues a highly standardised approach it can minimise the risk of confusing consumers about the brand's core benefits as well as minimising the risk of parallel imports (e.g. Kreutzer, 1989). Sorenson and Wiechmann (1975) argue that standardised branding offers a greater protection from fake products which can harm the consumer perception since the imitations are typically of low price and low quality.

Kreutzer (1989) highlights the importance of a highly standardised price with regard to companies which very strongly depend on brand image. He argues that even decreased profit margins due to increased cost through increased transportation costs in some markets should be tolerated in order to be able to benefit from a consistent image position. Otherwise the company risks suffering confused and discontented consumers (e.g. Channon and Jalland, 1979, Kahmann, 1972). Despite all these benefits there are various barriers which affect

different aspects of the marketing programme. Several researchers (e.g. Bolz, 1992, Cavusgil et al, 1993., Harris, 1994, Kreutzer, 1989, Walters, 1986) argue that the benefits and the degree of a marketing standardisation depends on several contingency variables which are explored in the following section.

2.11 CONCLUSIONS

This chapter gave an overview on the theoretical background of this research. It presents the place of this study in the context of the overall globalisation debate, defines the key term marketing standardisation for the further use in this thesis and presents the potential benefits of a successfully implemented marketing standardisation. Based on the extensive review of the relevant literature it is demonstrated that the key question in this debate is not whether or not a company should use a standardisation or rather an adaptation approach towards its international marketing activities but that it is a matter of degree.

The management has to be clear about the specific answers for their particular organisations but in any case the reasonable degree of marketing standardisation is dependent on various contingency factors which will be examined in detail in next chapter by applying the conceptual framework of Jain (1989). In the following tables the propositions are summarised. Table 2.10 presents the propositions P 1-1 to P 1-7 which relate to the first theoretical block of the literature review and thus to the degree of the standardisation.

Table 2.10: Propositions relating to the Degree of Marketing Standardisation

Propositions (P 1)	The Degree of Marketing Standardisation
P 1-1	The highest level of standardisation within the marketing mix categories is likely to be found in the product mix category (Akaah, 1991, Bolz, 1992, Chhabra, 1996, Grosse and Zinn, 1991, Ozsmer et al, 1991, Shoham 1995, Sorenson and Wiechmann, 1975).
P 1-2	Within the product elements the "brand name" will be standardised to a very high degree that is likely to be higher than the degree of most other product elements (Chhabra, 1996, Sorenson and Wiechmann, 1975, Althans, 1982, Beutelmeyer and Mühlbacher, 1986).
P 1-3	The price elements show a lower degree of standardisation than the product elements because its potential for a high degree of standardisation is extremely sensitive to limiting factors such as the marketing infrastructure of the host markets (Shoham, 1995, Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Meyer, 1978, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).
P 1-4	The distribution elements have a lower degree of standardisation potential than the product elements by showing a similar standardisation level as the price elements due to their comparable sensitivity towards the marketing infrastructure of the overseas markets (Akaah, 1991, Althans, 1982, Chhabra, 1996, Shoham, 1996, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).
P 1-5	Within the distribution elements the "management of the sales force" is likely to be standardised to the lowest degree because of the predominant dependence on different cultural expectations of sales personnel as well as due to differences in market structures (Akaah, 1991, Baden Fuller and Stopford, 1988, Honeycutt and Ford, 1995, Hill et al, 1991, Meyer, 1978).
P 1-6	The promotion category will be standardised to a medium to high degree but lower than the product category acknowledging that several advantages can be achieved by a promotion standardisation (Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Müller and Kornmeier, 1996, Ozsmer et al, 1991).
P 1-7	Within the promotion elements the "advertising message" will be standardised to the highest degree (Theis, 1994, Akaah, 1991, Bolz, 1992, Beutelmeyer and Mühlbacher, 1986, Kreutzer, 1989, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

CHAPTER THREE
CONTINGENCY FACTORS OF
MARKETING
STANDARDISATION

CHAPTER THREE CONTINGENCY FACTORS OF MARKETING STANDARDISATION

3.1 INTRODUCTION

The contingency variables are often discussed with a focus on external factors since the early discussion was very much influenced by the work of Buzzell (1968). He was the first to classify common contingency variables in this debate by differentiating them into categories such as market characteristics, market institutions, industry conditions and legal requirements.

Other authors have acknowledged these factors but have added more variables which they consider as being of great importance. With regard to the external contingency variables several authors (e.g. Boddewyn et al, 1986, Ohmae, 1989, Rau and Preble, 1987, Samiee and Roth, 1992) consider the type of product as another key variable which has to be considered.

Table 3.1 gives an overview of some key studies and the contingency variables taken into consideration.

Table 3.1: Contingency Variables in some previous Key Studies of Marketing Standardisation

Author(s)	Nature of Product ¹	Market Position ²	Environment ³	Marketing Infrastructure ⁴	Stage of PLC ⁵	Consumer Characteristics ⁶	Culture ⁷
Agrawal (1995)	X	X	X	X	X	X	X
Akaah (1991)	X	X	X	X	-	X	X
Baalbaki and Malhotra (1993)	X	X	X	X	X	X	X
Barker (1993)	-	-	X	-	-	X	X
Blackwell et al. (1991)	-	-	X	X	-	X	X
Boddewyn et al. (1986)	X	-	-	-	-	-	-
Britt (1974)	-	-	-	-	-	X	X

¹ Primarily it characterises the product aspects in terms of industrial/consumer, high tech/high touch, culture-bound/culture free products

² Primarily it characterises the market condition and competitive aspects

³ Primarily it characterises the political, legal and economic aspects

⁴ Primarily it characterises the communication and distribution infrastructure

⁵ Primarily it characterises the stage of the product life cycle (PLC) and the aspect of technology maturity

⁶ Primarily it characterises the consumer profile in terms of similarity of perceptions and preferences

⁷ Primarily it characterises the cultural aspects with regard to aspects such as distance towards power, avoidance of uncertainty etc

Table 3.1 (cont'd)

Author(s)	Nature of Product	Market Position	Environment	Marketing Infrastructure	Stage of PLC	Consumer Characteristics	Culture
Buzzell (1968)	X	X	X	X	X	X	X
Cavusgil et al. (1993)	X	X	X	-	X	X	X
Chhabra (1996)	X	-	X	X	-	-	-
Dunn (1966)	X	-	X	X	X	X	X
Hill and Kwon (1992)	X	-	X	-	-	X	-
Hill and Still (1984)	-	-	X	-	-	X	-
Hite and Fraser (1988)	-	-	X	X	-	X	-
Hout et al. (1982)	X	-	X	X	X	X	-
Jain (1989)	X	X	X	X	X	-	X

Table 3.1 (cont'd)

Author(s)	Nature of Product	Market Position	Environment	Marketing Infrastructure	Stage of PLC	Consumer Characteristics	Culture
Kirpalani et al. (1988)	-	-	X	-	-	-	-
Kustin (1994)	X	-	X	X	-	X	X
Martenson (1987)	X	-	-	X	-	X	-
Miracle (1968)	X	-	-	X	-	X	X
Ohmae (1989)	X	-	-	-	-	-	-
Onkvisit and Shaw (1987)	X	X	X	X	X	X	X
Onkvisit and Shaw (1989)	X	-	X	-	-	X	-
Ozsomer et al (1991)	-	X	-	X	X	X	-

Table 3.1 (cont'd)

Author(s)	Nature of Product	Market Position	Environment	Marketing Infrastructure	Stage of PLC	Consumer Characteristics	Culture
Quelch and Hoff (1986)	X	-	X	-	-	X	X
Raaij (1997)	X	X	X	X	-	X	X
Rau and Preble (1987)	X	-	X	X	X	X	-
Roostal (1963)	X	-	X	-	X	-	-
Rosen et al (1989)	-	-	-	-	-	X	X
Samiee and Roth (1992)	X	-	X	X	X	-	-
Sandler and Shani (1992)	X	-	-	-	-	-	-
Shao et al (1992)	-	-	X	-	-	-	X
Sheth (1986)	-	-	-	-	-	X	-
Shoham (1995)	X	X	X	X	X	X	X
Sorenson and Wiechmann (1975)	X	X	X	X	X	X	-

Table 3.1 (cont'd)

Author(s)	Nature of Product	Market Position	Environment	Marketing Infrastructure	Stage of PLC	Consumer Characteristics	Culture
Szymanski et al (1993)	-	X	-	X	X	-	X
Terpstra (1967)	X	X	X	X	X	X	X
Wang (1996)	X	-	X	X	-	X	X
Whitelock and Pimblett (1997)	X	X	X	-	-	X	X
Whitelock et al (1995)	X	X	X	X	-	X	X
Whitelock and Chung (1989)	-	-	X	X	-	X	X
Whitelock (1987)	X	-	X	-	-	X	X
Yip (1989)	X	X	X	X	-	X	-
Zandpour et al (1994)	-	X	-	X	-	-	X
Zou and Cavusgil (1996)	X	X	X	X	-	X	-
Zou and Laughlin (1996)	-	X	-	X	-	-	-

Table 3.2: Contingency Variables in some previous German Studies of Marketing Standardisation

Author(s)	Nature of Product	Market Position	Environment	Marketing Infrastructure	Stage of PLC	Consumer Characteristics	Culture
Althans (1982)	X	-	X	-	-	X	-
Beutelmeyer and Mühlbacher (1986)	X	X	X	X	-	X	X
Böttcher and Welge (1994)	X	X	X	-	-	X	X
Bolz (1992)	X	X	X	X	X	X	X
Grosse and Zinn (1991)	X	-	X	-	-	X	X
Jentner (1992)	-	X	X	X	-	X	-
Kreutzer (1989)	X	X	X	X	X	X	X
Kreutzer (1991)	X	X	X	X	X	X	X
Meissner (1991)	X	X	X	-	-	-	X
Meffert and Bolz (1995)	X	X	X	-	-	-	X
Meffert (1991)	X	X	X	-	-	X	-

Table 3.2 (con't)

Author(s)	Nature of Product	Market Position	Environment	Marketing Infrastructure	Stage of PLC	Consumer Characteristics	Culture
Meyer (1978)	X	-	X	-	-	X	X
Müller and Kommeier (1996)	X	X	X	X	-	X	X
Müller and Kommeier (1995)	-	-	-	-	-	X	X
Raffee and Kreutzer (1989)	X	-	X	-	-	X	X
Rall (1991)	X	-	-	-	-	-	-
Theis (1994)	X	-	-	X	-	X	-
Stegmüller (1993)	-	-	-	X	-	-	-

Some authors (e.g. Bartlett and Goshal, 1991, Collis, 1991, Zou and Cavusgil, 1996) argue that the majority of previous research in this debate has primarily focused on the external globalisation drivers but have hardly considered internal organisational aspects such as the managerial orientation, the headquarters-subsidiary relationships or the delegation of authority.

Therefore, several researchers (e.g. Cavusgil et al., 1993, Collis, 1991, Jain, 1989, Sandler and Shani, 1992, Samiee and Roth, 1992, Szymanski et al, 1993) consider organisational issues as another important aspect to be included in the standardisation debate. The conceptual framework for determining the degree of marketing programme standardisation of Jain (1989) considers both, the internal and external, dimensions. It also explicitly considers the performance issue and thus offers one of the very most complete models with regard to the standardisation debate. Therefore, it will be the basis for the further discussion of the contingency variables in this thesis.

Certainly, it is important to be aware that external global market forces impose pressure on companies and that therefore a global strategy is dictated to a certain amount by market imperatives (Zou and Cavusgil, 1996, Collis, 1991). But authors like Zou and Cavusgil (1996), Bartlett and Goshal (1988), Collis (1991) and Hamel and Prahalad (1985) showed that companies with a similar strategy in the same industry, and hence exposed to identical external forces, can

achieve different levels of success while other firms with different strategies in the same global industry can prosper, too.

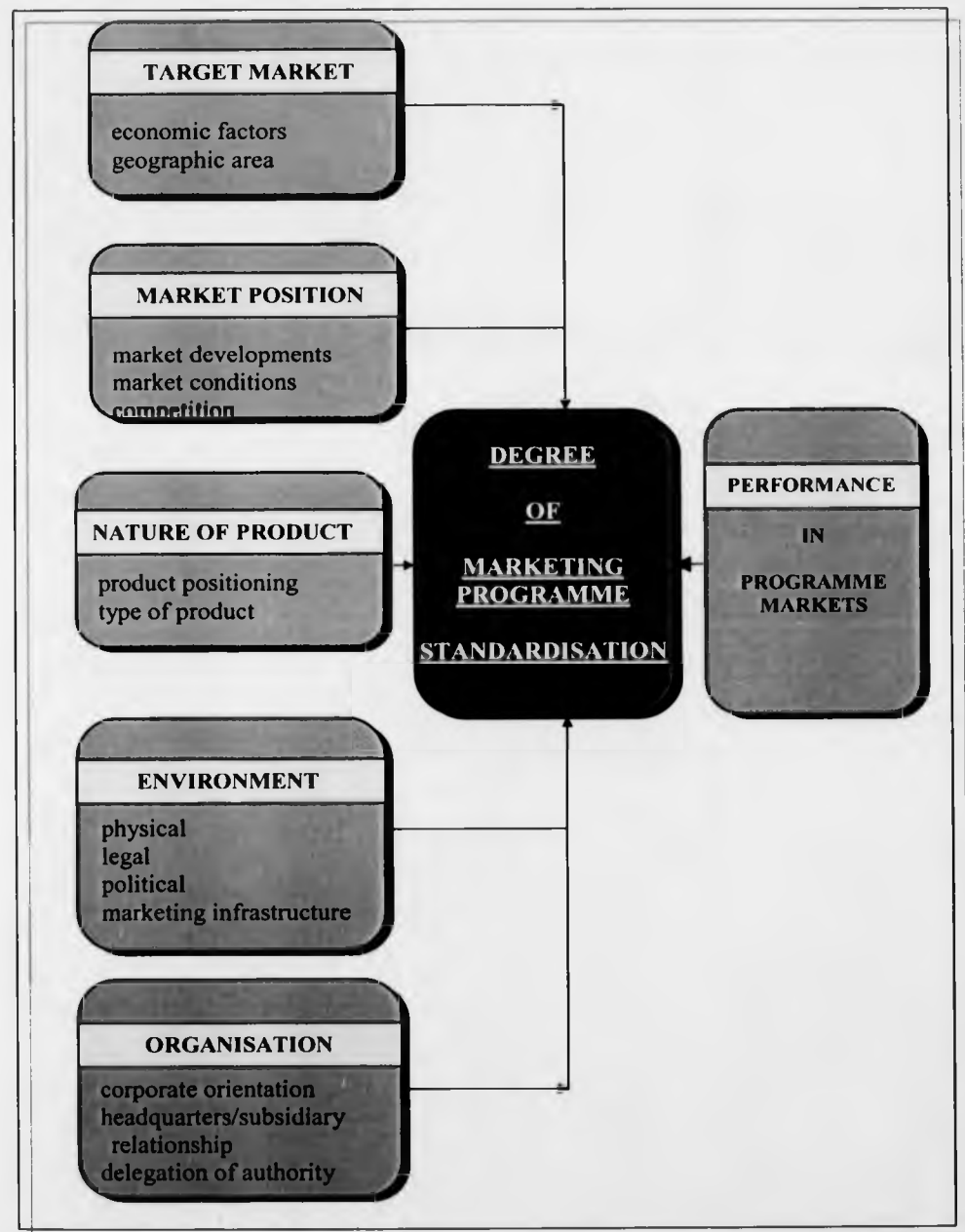
Therefore, the consideration of both dimensions in the conceptual framework underlying this study is of great importance. It represents the primary reason why the framework of Jain (1989) was preferred to other conceptual frameworks such as the one of Yip (1989). Moreover, the framework of Jain (1989) reflects the contingency perspective of Douglas and Wind (1987) and has been empirically verified by Cavusgil et al (1993) with regard to small and medium companies.

Another reason for choosing this model was that Akaah (1991) chose this model for his empirical research into the approach towards international marketing standardisation of the largest 500 US firms. The author considered this model because it has the advantage of considering the key dimensions which have an impact on the degree of marketing standardisation. The study of Akaah (1991) has been the only one which tested the model so far with regard to the 500 largest companies of a leading economy.

Figure 3.1 shows the framework of Jain (1989).

Figure 3.1: Framework for Determining Marketing Programme

Standardisation (source: Jain 1989)

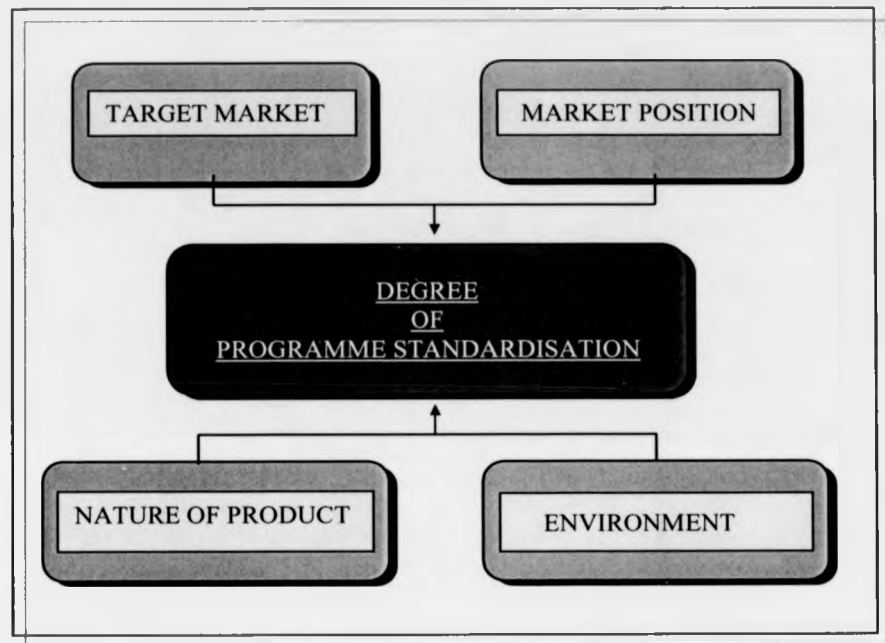


3.2 THE EXTERNAL DIMENSION OF CONTINGENCY VARIABLES: AN OVERVIEW

The external industrial perspective has been taken by most authors involved in the standardisation debate (e.g. Bartlett and Goshal 1991, Collis 1991, Ohmae, 1989, Rau and Preble, 1987, Samie and Roth, 1992, Yip 1989, Zou and Cavusgil, 1996). Based on the structure-conduct-performance paradigm of Bain (1951,1956) and the influential article of Buzzell (1968) researchers have focused on external market forces as the reason for global and standardised approaches because they viewed these market forces as responsible for market imperatives to which organisations have to adapt to be able to remain or to become successful (Collis 1991, Yip 1989). Yip (1989) argues that if an organisation is able to match these imperatives by achieving a strategic fit between its strategy and the external forces a competitive advantage over competitors can be generated.

In the specific context of the degree of the marketing mix standardisation Jain (1989) condenses the external contingency factors into four dimensions (see Figure 3.2)

Figure 3.2: External Factors of Framework for Determining Marketing Programme Standardisation (Source: Jain 1989)



3.3 TARGET MARKET

With regard to the dimension target market Jain (1989) focuses on the geographic area and the economic factors of the home and the host country.

3.3.1 ECONOMIC AND GEOGRAPHICAL FACTORS

Several authors have paid attention to the economic factors as an important part of the environment (e.g. Chhabra 1996, Agrawal, 1995, Meffert and Bolz, 1995, Kustin, 1994, Baalbaki and Malhorta, 1993,

Bolz, 1992). The economic factors consider aspects such as the GNP per capita which provide important information considering the purchasing power and the disposable income of consumers (e.g. Douglas and Wind, 1987, Huszagh et al., 1986). Phillips et al (1994) point out that these indicators can be used for classifying different geographic areas or country markets. A regional or country-orientated classification can represent a first evaluation of opportunities regarding a homogeneous markets as a basis for inter-country segmentation and the potential for a marketing standardisation (Hill and Still, 1984).

Substantial differences between markets in terms of economic wealth and disposable income can represent significant constraints towards a standardised marketing strategy because of their impact on important aspects such as the price consciousness of consumers and their capability and frequency of purchasing (e.g. Shoham, 1996, Meffert and Bolz, 1995, Kreutzer, 1989). Therefore, various authors stress that they consider opportunities for standardisation more likely to occur if the economic dimension is similar (e.g. Müller and Kornmeier, 1996, Bolz, 1992, Akaah, 1991, Jain, 1989).

This notion is reflected in proposition P 2-1:

Proposition P 2-1

Companies are likely to standardise their marketing mix to a higher degree if the customer characteristics and their behaviour in the home market and in the host market are similar (e.g. Müller and Kornmeier, 1996, Bolz, 1992, Ozsomer et al, 1991, Huszagh et al, 1985, Jain, 1989, Levitt 1983, Ohmae 1985).

Some authors emphasise that this is particularly the case among certain industrialised countries where market conditions and consumer preferences are likely to be more similar than among developing countries (e.g. Bolz, 1992, Douglas and Wind, 1987, Hill and Still, 1983).

Based on this notion the assumption of Jain (1989) is that a company is likely to standardise its marketing mix if the general economic environments of home and host countries are similar. This notion is shared conceptually by many researchers (e.g. Chhabra 1996, Shoham, 1996, Agrawal, 1995, Meffert and Bolz, 1995, Kustin, 1994, Baalbaki and Malhorta, 1993, Kreutzer, 1989) but has been rarely tested empirically (e.g. Akkah, 1991, Bolz, 1992). Most empirical contributions to the standardisation debate do not explicitly investigate the influence of economic factors on standardisation (e.g. Robles and Akhter, 1997, Chhabra, 1996, Chang, 1995, Cavusgil and Zou, 1994, Ozsomer et al, 1991, Boddewyn et al, 1986, Sorenson and Wiechmann, 1975).

Therefore, there appears to be a need to test empirically the economic factor of the target market dimension in the sense of the conceptual consensus. This notion is reflected in proposition P 2-2:

Proposition P 2-2

Companies are likely to standardise their marketing mix to a higher degree if the economic factors in the home market and in the host market are similar (e.g. Müller and Kornmeier, 1996, Chhabra 1996, Shoham, 1996, Bolz, 1992, Jain 1989, Levitt 1983, Ohmae 1985).

3.4 MARKET POSITION

According to Jain (1989) the dimension market position focuses on the market development, the market conditions and competitive factors. As Table 2.10 illustrates this dimension has been investigated by large number of researchers (e.g. Raaij, 1997, Whitelock and Pimblett, 1997, Zou and Cavusgil, 1996, Cavusgil et al, 1993, Ozsmer et al, 1991).

Within the importance of various factors which influence the decisions of a company the intensity of competition in the target market represents one of the most important aspect (e.g. Müller and Kornmeier, 1996, Quelch and Hoff, 1986, Khandwalla, 1977,

Mintzberg, 1979, Miller and Friesen, 1980, Douglas and Craig, 1983, Hill and Still, 1984).

The underlying assumption with regard to the market position is that the higher the degree of similarity between the home and the overseas market is the higher will be the feasible degree of marketing standardisation (e.g. Müller and Kornmeier, 1995, Bolz, 1992, Jain, 1989, Kreutzer, 1989). This notion is formulated as proposition P 2-3.

Proposition P 2-3

Companies are more likely to standardise their marketing mix to a higher degree when their market position in the home and host markets are similar with regard to their market share (e.g. Meffert and Bolz, 1995, Müller and Kornmeier, 1995, Henzler and Rall 1986, Jain 1989, Sorenson and Wiechmann, 1975).

3.4.1 COMPETITIVE ASPECTS

Baalbaki et al (1993) argue that competitive aspects can be considered as being of great importance in global markets because they might force companies to adapt their marketing activities. Therefore, these aspects have gained a lot of research attention, primarily at a conceptual level (e.g. Müller and Kornmeier, 1996, Kreutzer, 1989, Kim and Mauborgne, 1993, Hill and Still, 1984, Douglas and Craig, 1983, Buzzell, 1968). But also empirical studies confirm that

competitive factors are of key importance with regard to standardisation (e.g. Boddewyn and Grosse, 1995, Ozsmer et al, 1991, Bolz, 1992). Some studies (e.g. Akaah, 1991, Sorenson and Wiechmann, 1975) however, suggest that the nature of competition does not influence standardisation.

Porter (1983) meanwhile, argues that the intensity of competition can be differentiated between competition which is price driven and competition which is based on quality. The quality related competition is given if the price for the products on the market is identical and the competition is determined by differences related to the quality of products or services. Khandwalla (1977) points out that price related competition is based on the perceived homogeneity of the products on the market and the competition is determined on the price of products or services.

Henderson (1983) argues that the intensity of price based competition is higher than on quality based competition because it just relies on one differentiation criteria. This is often the case if the competitive advantage of a firm is focuses on economies of scale. If the company gains cost advantages, it will lower its price for customers which will put the competitors under pressure (e.g. Meffert and Bolz, 1995, Bolz, 1992, Kreutzer, 1989, Levitt, 1983). This development is likely to lead to a high intensity competition on price which no company benefits from (e.g. Bolz, 1992, Kreutzer, 1989, Hatten et al, 1988). One way to reduce the risk of such a competitive situation is to differentiate the

products or the perception towards them to reduce the exchangeability of them. Therefore, Jain (1989, page 74) argues that "the presence of competition may necessitate customisation to gain an advantage over rivals". Based on this conceptual notion as well as on empirical findings which suggest that a low level of competition leads to a high degree of standardisation (e.g. Ozsmer et al, 1991) the following proposition will be tested with regard to the competition aspect of the market position :

Proposition P 2-4

Companies are more likely to standardise their marketing mix to a higher degree when the level of competitive rivalry is low (e.g. Bolz, 1992, Ozsmer et al, 1991, Jain, 1989, Kreutzer, 1989, Quelch and Hoff, 1986).

3.4.2 MARKET CONDITIONS

Based on the relevant literature (e.g. Douglas et al, 1986, Henzler, 1981, Kaynak and Cavusgil, 1983, Ricks, 1983, Terpstra, 1985, Terpstra and David, 1985) Jain (1989) identifies economic and cultural differences as well as different perceptions of customers as the key market conditions which determine international marketing standardisation. While economic factors have already been discussed the cultural aspects also have a direct impact on the potential degree of marketing standardisation as well as on the perceptions of the

customers. Therefore, its key notions will be discussed in the following.

3.4.3 CULTURE

Many researchers have focused on the implications which cultural aspects can have with regard to companies (e.g. Sorge, 1995, Adler et al, 1989, Cooper and Cox, 1989, Hofstede, 1991, Kelley et al, 1987, Osigweh, 1989, Steers, 1989).

Authors like Child and Tayeb (1983) differentiate between theories which treat cultures as "ideational systems" and theories which treat them as "adaptive systems". The ideational theories regard cultures as sets of ideas, values, meanings shared symbols. The adaptive systems considers cultures as total ways of life by which communities have survived and adapted in their ecological surroundings. This notion draws attention to the expression of culture in the forms taken by institutions.

Sorge (1995), though, argues that these two theories are merely the same. According to the author the nature of the institutions of a society can be interpreted as an expression of its dominant value orientation. In this view institutions reflect choices which might be rather pragmatic than value orientated. The pragmatic choices which societies make focus on structural arrangements to maintain crucial aspects such as social order, the allocation of people to productive

activity, the promotion of economic and technical development as well as the distribution of material benefits. These institutions in turn reinforce the already existing value system.

Despite the fact that Adler (1984) catalogued more than 100 different definitions of culture some authors (e.g. Nasif et al, 1991) argue that culture is not adequately defined. Nevertheless, there is a broad consensus in the literature that cultural aspects affect the values, perceptions, preferences and behaviours of people which are therefore of key importance to decisions in international marketing (e.g. Adler et al, 1989, Jeannet and Hennessey, 1992, Kotler and Armstrong, 1996, Phillips et al, 1994). From a marketing point of view these decisions are of primary concern with regard to the consumer behaviour as well as the management style in different markets since the belief in an universality of management has been discarded as a myth by several authors (e.g. Ronen, 1986, Hofstede, 1980, 1991, Laurent, 1983, Osigweh, 1989, Adler, 1983).

In terms of consumer behaviour the emergence of a common European market in 1992 was expected to result in a convergence of preferences within the involved nations but the current findings of Schlegelmilch et al (1992) and Müller and Kornmeier (1996) illustrate that even within Europe the differences between consumers persist. Other studies in the context of convergence of consumer behaviour show similar results with respect to the regions and nations studied (e.g. Kanvar, 1993, Sood, 1993, Yavas et al, 1992).

With regard to the convergence of macro-variables of markets studies which analysed larger regions and a larger number of nations came to similar conclusions as the ones focusing on the consumers of different nations. Craig et al (1992) concluded that despite increased interaction and communication industrialised nations are not becoming more similar.

Various studies conducted on differences between managers in different cultures conducted by Hofstede (1991, 1983, 1980), Herbig and Miller (1993) and Tse et al (1988) also identify significant differences in terms of the managerial orientations such as long-term orientation and uncertainty avoidance. Longitudinal studies conclude that these differences persist over time and also within geographically close areas such as within Europe (e.g. Halliburton and Hünérberg, 1993, Hofstede, 1991).

Being aware of the different aspects of the cultural complexity with regard to the international marketing standardisation various authors (e.g. Robles and Akhter, 1997, Müller and Kornmeier, 1996, Kale, 1991, Britt, 1974, Schiffman et al, 1981, Parameswaran and Yaprak, 1987) assume that a high degree of standardisation is more likely to be achieved if the marketing programme is compatible with the values of a society because they arguably influence the perception and hence the preferences of the individuals/customers.

Other authors like Baalbaki and Malhorta (1993), Synodinos et al (1989) or Hite and Fraser (1988) share this notion by emphasising the need to comply with the cultural factors in the target market to minimise the risk of unfavourable reactions which would restrict a standardised strategy and also empirical findings (e.g. Roth, 1995, Akaah, 1991) lend support to this notion. Therefore, the following proposition was put forward:

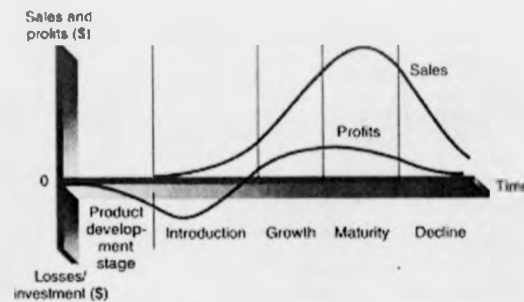
Proposition P 2-5

The more similar the target groups are with regard to the customers' perception and preference in the chosen overseas market the higher the degree of standardisation of the marketing mix (e.g. Roth, 1995, Bolz, 1992, Jain, 1989, Kreutzer, 1989).

3.4.4 MARKET DEVELOPMENT

In terms of differences between the stage of market development in the home and in the host market Jain (1984) and Kirplani and Macintosh (1980) argue that it might be appropriate to change the product to achieve a fit between the product and the markets. They argue that the product life cycle is the concept which explains this notion. The different stages of a typical product life cycle with regard to sales and profits are illustrated in figure 3.3.

Figure 3.3: A typical Product Life Cycle
(source: Kotler and Armstrong, 1996)



Kotler and Armstrong (1996) state with regard to this concept that especially in the initial stage it must be the aim of a company to create awareness and trial while Meffert (1988) stresses that it is this phase which is highly critical in terms of the development of a stable competitive market position. Therefore, Hedlund (1981) argues that at this stage the headquarters of a company is likely to pursue an approach which ensures a high amount of influence through a high degree of marketing programme standardisation.

In later stages the quality of the product gains more importance and the intensity of competition increases due to an increased number of sellers (Kotler and Armstrong, 1996). For these stages Hedlund (1981) argues that headquarters must put a lot of emphasise on the co-ordination and control of its overseas operations which favours a high degree of marketing process standardisation. If one takes all stages of the product life cycle into account several authors (e.g. Jain, 1984, Kirplani and Macintosh, 1980) imply that the home and host market must be in the same stage in order to be able to pursue a successful

marketing standardisation. This notion is confirmed empirically by several authors: Ozsmer et al. (1991, page 61) found that "the level of marketing standardisation is highest when the subsidiary sells a product which is at the same stage in its product life cycle as the home market". The findings of other studies (e.g. Akaah, 1991, Sorenson and Wiechmann, 1975) also lend support to this observation. Based on the above notion and findings relating to the dimension market position the following propositions will be tested in this study:

Proposition P 2-6

Companies tend to standardise their marketing mix to a high degree if the product life cycle in home and host market are similar (Bolz, 1992, Ozsmer et al, 1991, Akkah, 1991, Jain, 1989, Kirplani, 1985, Kirplani and Macintosh, 1980, Sorenson and Wiechmann, 1975).

3.5 NATURE OF PRODUCT

With regard to the nature of the product the model of Jain (1989) differentiates between the type of product and the positioning of the product.

3.5.1 TYPE OF PRODUCT

With regard to the type of product type Jain (1989) focuses on the differentiation of consumer goods which are distributed to household

consumers of final consumption and industrial goods which are distributed for the transformation process of other corporations. The author has preferred this distinction to other types of differentiation since it seems to be most appropriate in this debate. The major distinctions of product types in this debate are

- **High-Tech versus High-Touch Products**

(e.g. Levitt, 1983)

- **Culture-bound versus Culture-free Products**

(e.g. Franzen and Light, 1976)

- **Consumer versus Industrial Products**

(e.g. Whitelock, 1987)

3.5.2 HIGH-TECH VERSUS HIGH-TOUCH PRODUCTS

Primarily Levitt (1983) differentiates between high tech products such as technically advanced goods such as computers and high-touch products with which the consumers has a high degree of physical relation such as food or cosmetics or clothes. The author argues that both groups of goods are equally suitable for a global use. Meissner (1988) also relates in terms of his differentiation of product types primarily on technology while Kreutzer (1989) considers such approaches as of limited use only when analysing the standardisation potential. The author considers a distinction based on technology as rather narrow and therefore as insufficient.

3.5.3 CULTURE-BOUND VERSUS CULTURE - FREE PRODUCTS

Various authors have differentiated between culture-bound goods and culture-free products (e.g. Althans, 1982, Berekoven, 1978, Quelch and Hoff, 1986, Raithel, 1984). They argue that in terms of culture-free goods there is a higher potential for a high degree of marketing programme standardisation in contrast to culture-bound products which arguably have hardly any standardisation potential.

Culture-bound goods are - according to the authors - goods which are closely linked to the traditional habits and consumption patterns of a society. Therefore, the benefit of the goods must match to a very high the social and traditional consumer habits which arguably limits the degree of marketing standardisation. Konradt (1986) and Steffens (1982) illustrate this notion on the examples of food, medicaments, hygiene products, clothes and services. Whitelock (1987) investigated this issue with a study of products of the UK bedlinen industry and found that standardisation with regard to European markets was not viable due to local habits and customs which required modifications.

Culture-free products are products or services which use or consumption is not limited by social or cultural values or norms. Examples for this notion are soft drinks, perfumes, cameras, computers, credit cards as well as air journeys and car rentals (e.g.

Quelch and Hoff, 1986, Mesdag, 1987, Raithel, 1984). But there are certain limitations of a classification based on these cultural aspects with regard to an evaluation of the marketing standardisation potential. The cultural aspects are dynamic and can change and one has to consider that the success of certain goods which are distributed globally in a highly standardised way is actually based on the fact that they are culture-bound. Kreutzer (1989) illustrates this on the example of American fast food and soft drinks in which the primary success factor is the relation to the American way of life.

3.5.4 CONSUMER VERSUS INDUSTRIAL PRODUCTS

Authors like Boddewyn and Grosse (1995), Boddewyn et al (1986), Channon and Jalland (1979), Whitelock (1987) and Jain (1989) focus on a differentiation between consumer and industrial products with regard to the potential for marketing standardisation by product type. These authors argue that companies can standardise their marketing programme to a higher degree if involved in industrial goods than companies concentrating on consumer goods (e.g. Boddewyn et al, 1986, Jain, 1989, Ward, 1973, Whitelock, 1987).

Based on the findings of several researchers (e.g. Still and Hill, 1985, Sorenson and Wiechmann, 1975, Weinrauch and Rao, 1974) Whilelock (1987) developed a framework to guide standardisation decisions based on the different types of product. This framework is unique in the sense that it does not only illustrate the higher potential

of industrial goods in comparison to consumer goods but also summarises the different potential for the degree of marketing standardisation within various groups of consumer goods including the aspect of culture-bound "traditional" products.

Whitelock (1987) illustrates that within consumer goods the consumer non-durables which are used inside the home of the consumers have the lowest potential for a high degree of marketing standardisation in contrast to consumer durables which represent the latest trend as in international casual clothes, for instance. Figure 2.4 shows this standardisation framework.

Figure 3.4: A Standardisation/Modification Decision Framework (source: Whitelock, 1987)

PRODUCT CLASSIFICATION		DEGREE OF STANDARDISATION
Industrial Goods		High ↑
Consumer Durables	Recent trends (e.g. T-shirts)	
Consumer Non-Durables	Used outside home (e.g. cosmetics)	
Consumer Durables	"Traditional" values affect product e.g. formal/work dress	
Consumer Non-Durables	Used inside home e.g. instant coffee	↓ Low

The authors on whose findings the framework of Whitelock (1987) is based on, argue that the different potential of consumer and industrial goods is caused by a stronger impact of cultural aspects and norms in the buying process of consumer goods. Kreutzer (1989), for example, stresses that the decision making process in terms of buying industrial goods is more dependent on rational aspects such as technical characteristics and specifications which are often already standardised on a regional level.

Moreover, the sellers and buyers often have a very similar amount of know how across various country markets which makes a standardised communication approach easier. Kreutzer (1989) also argues that suppliers of capital intensive industrial goods such as power plants or aeroplanes have a rather limited number of customers which has led to an early adoption of a global, highly standardised marketing orientation on the side of the suppliers. Boddewyn and Grosse (1995, page 37) strengthen the notion of different standardisation potential in the respect that their findings show that between 1973, 1983 and 1993 "consumer non-durables were generally more adapted across the marketing mix than either of the other two categories of goods (consumer durables and industrial goods)". Boddewyn and Grosse (1995) find that the most important obstacles to marketing standardisation remained largely the same over this period in which aspects such as differences in taste and habits were among the very most important factors with regard to the consumer goods. With regard to the industrial goods aspects such as differences in technical

requirements play an very important role while the differences in tastes were not among the most important issues. Empirical findings also lend support to the notion that industrial goods are more likely to be standardised than consumer goods. For example, Chhabra (1996) found for nineteen of the twenty-three marketing mix elements in his study a higher degree of adaptation in consumer goods, Hill and Kwon (1992) found that American Multinationals producing industrial goods standardise their marketing programme to a higher degree than consumer goods producers and also the findings of Cavusgil and Zou (1993) support this notion. With regard to the aspect nature of product the proposition P 2-7 was formulated based on the conceptual notion and previous findings:

Proposition P 2-7

Companies which operate in consumer markets are less likely to standardise their marketing programme than companies which are involved in marketing industrial goods (e.g. Chhabra, 1996, Cavusgil et al, 1993, Hill and Kwon, 1992, Samiee and Roth, 1992, Jain, 1989, Boddewyn et al, 1986).

3.5.5 POSITIONING OF THE PRODUCT

While Bolz (1992) regards a standardised positioning of the product as a major prerequisite for a standardised marketing approach, Douglas and Wind (1987) stress the great importance of a standardised product positioning with regard to the potential to standardise all other

marketing programme elements. Waltermann (1989) emphasises the impact which a standardised product positioning can have for the entire brand acknowledging that the positioning refers strongly to the occupation of an distinct and valued place in the mind of the customers (Kotler, 1991, Ries and Traut, 1982). Kotler (1991) identifies various generic kinds of positioning such as attribute, benefit, user and competitor positioning as well as other positioning options such as usage, product category and quality and price positioning. With regard to a product positioning in international markets Bolz (1992) considers a standardised product positioning which concentrates on specific product attributes and benefits, usage occasions and certain categories of users as most important. But various authors (e.g. Cavusgil and Nevin, 1981, Onkvisit and Shaw, 1987) stress that a standardised product positioning is very difficult to achieve due to the different perceptions of customers in different markets based on cultural differences. Due to these difficulties authors like Bolz (1992) and Waltermann (1989) conceptually suggest modular positioning strategies or a positioning concept which bundles different positioning options. Bolz (1992) argues in favour of a product positioning approach which is based on a standardised basic positioning across all target markets. If required additional positioning options or modules can be added to the standardised basic positioning in certain markets. If a basic product positioning across the markets is not feasible, the authors suggest to cluster the markets with similar conditions in order to be able to implement a standardised product positioning within these groups. Roth (1995, page 55) also lends

support to this notion by stating that "targeting similar segments across markets may be preferable to developing country-by-country programs". But the highest chance for a high degree of marketing standardisation is potentially given if the product can be positioned similarly in the customer's mind by the same approach in the home and in the host market (Bolz, 1992, Jain, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975). Roth (1995) illustrates this on the example of athletic shoe market and specifically on the example of the US brand NIKE which pursues an approach of pattern standardisation in which the common denominator is that in all markets each marketing programme is flexible to a certain (local) extent but reinforces the same global positioning. With regard to the aspect of the product positioning proposition P 2-8 will be tested based on the conceptual notion as discussed above and to narrow the gap in previous empirical studies which did not consider this aspect (e.g. Robles and Akhter, 1997, Chhabra, 1996, Hill and Kwon, 1992, Akaah, 1991, Ozsmer et al, 1991).

Proposition P 2-8

Companies which position their products in a similar way in their foreign markets as in their home markets are more likely to standardise their marketing mix than companies which are positioned differently in foreign markets (e.g. Bolz, 1992, Jain, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975).

3.6 ENVIRONMENT

In accordance with the framework of Jain (1989) the important aspects relating to culture were already discussed in the context of "market position". Therefore the remaining environmental factors focus on legal, political and physical factors as well as on the marketing infrastructure of the host market in comparison to the home market.

3.6.1 LEGAL ASPECTS

Despite the fact that there is a growing body of international law which increasingly simplifies the international legal environment there still remain three major legal systems - the common law approach, the civil / code law and the Islamic law - which different regions and their markets are ruled by (Phillips et al, 1994). The principles of these legal systems differ and so do the various legal restrictions which relate to the aspects of the marketing programme (Jeannet and Hennessey, 1992). Several authors like Bolz (1992), Kreutzer (1989), Hite and Fraser (1988), Peebles and Ryans (1984) and Boddewyn (1981) highlight conceptually the importance of the legal aspects with regard to communication mix elements. Bolz (1992) illustrate this aspect by the example of France which has laws restricting the use of foreign words in advertising campaigns to protect the interests of the French language while Schuchart (1990) emphasises that certain product categories like cigarettes or alcohol are not allowed to be promoted in certain country markets. Müller and Kornmeier (1996)

state in the context of legal aspects that the standardisation of regulations, norms and standards within the European Union has been far slower than expected after 1992. Other aspects of the marketing programme are also affected as illustrated by various authors especially with regard to pricing issues which are particularly affected by different legal regulations (e.g. Sorenson and Wiechmann, 1975, Jeannet and Hennessey, 1992). Technical product features are often related to the legal aspect since legal restrictions might cause the need to adapt a product to technical norms which might request for example a certain size of a product or standards on quality assurance (e.g. Czinkota and Ronkainen, 1993, Jain, 1990, Philips et al, 1994). Therefore, several authors have stressed the importance of carefully examining relevant legal aspects with regard to a marketing standardisation because different country markets are likely to require unique product standards, product liability, patents, taxes, safety specifications and other aspects (e.g. Baalbaki and Malhorta, 1993, Buzzell, 1968, Hill and Still, 1984, Rutenberg, 1982, Sorenson and Wiechmann, 1975, Onkvisit and Shaw, 1987).

3.6.2 POLITICAL ASPECTS

Political aspects play an important role with regard to the degree of a potential marketing standardisation because political interventions and regulations can impose major restrictions on business activities (e.g. Doz and Prahalad, 1980, Henley, 1976, Kim, 1987, Vernon 1979).

Kotler and Armstrong (1996) argue that governments develop laws and regulations that limit business for the good of the entire society by protecting the companies by preventing unfair competition. Moreover, Kotler (1986) bases his argument on the notion that consumers are protected by regulations from unfair business practice and that companies are made responsible for the social costs of their output which is of benefit to the society as a whole. In order to achieve this there are various options which governments can choose from to control their markets (e.g. tariffs and non-tariff barriers like quotas, buy local restrictions, subsidies) as illustrated by Jeannet and Hennessey (1992). Douglas and Wind (1987) stress that tariffs on the import of key materials can easily affect the production costs and thus can limit an approach of highly standardised prices. Alternatively, the tariffs might result in the substitution of product components which would limit the potential degree of product standardisation. Nevertheless, the rather recent developments towards an increased importance of trading blocks and free trading agreements between states of specific regions such as the one between Mexico and the USA is likely to lead to a smaller impact of specific national regulations. Nevertheless, authors like Robles and Akhter (1997) and Dejuana (1996) illustrate that despite this development process there currently still remain difficulties since various governmental and customs regulations have to be adapted with regard to each other in order to be working effectively in favour of international business. Based on these aspects the following proposition will be tested with regard to these factors:

Proposition P 2-9

Companies are more likely to pursue a higher level of marketing mix standardisation if the political, physical and legal circumstances of the foreign market are similar to those in the home market (Akaah, 1991, Buzzell, 1968, Doz and Prahalad, 1980, Hill and Still, 1984, Jain, 1989).

3.6.3 PHYSICAL ASPECTS

Jain (1989) argues that the physical aspects of a country have to be taken into account when considering the use of marketing programme standardisation. He stresses the importance of aspects such as the climate, the topography of the target market and natural resources.

Douglas and Wind (1987, page 25) share this notion and emphasise that the "availability and cost of raw materials, as well as labour and other resources in different locations, will affect not only decisions regarding sourcing of and hence the location of manufacturing activities but can also affect marketing strategy decisions such as product design". The authors carry on arguing that cost differentials relative to raw materials, management, labour and other input may lead to an approach of a rather limited degree of standardisation. They illustrate this with an example in which the focus of advertising activities would be likely to shift from mass media advertising to labour intensive promotion activities (e.g. product demonstrations) if labour costs were relatively cheap in comparison to the media costs in a particular market. The climate also has an impact on the marketing

standardisation decision. Authors like Müller and Kornmeier (1996) and Walda (1992) have illustrated this by examples focusing on the temperature and the duration / intensity of the sun. For example, Walda (1992) observed that in countries with a comparably low average temperature and limited number of sunshine such as in Germany certain products like washing machines are preferred by the consumers if their spin-dry performance was high. In markets with high temperatures and lots of sun such as Italy the washing machines with a low spin-dry performance were equally successful which illustrates that the potential for a high degree of standardisation with regard to certain products can be very much limited by physical aspects due to their impact on consumer preferences and requirements.

3.6.4 MARKETING INFRASTRUCTURE

Several authors have emphasised the important interdependency between the availability, the costs and the performance of an existing marketing infrastructure and the potential for marketing standardisation (e.g. Baalbaki and Malhotra, 1993, Douglas and Wind, 1987, Shimaguchi and Rosenberg, 1979, Thorelli and Sentell, 1982). Jain (1989, page 75) summarises the marketing infrastructure as "institutions and functions necessary to create, develop, and service demand, including retailers, wholesalers, sales agents, warehousing, transportation, credit, media, and more." Within the entire marketing structure, the aspects relating to media availability and the retail structure of a market seem to be of paramount importance (e.g. Akaah

1991, Douglas and Wind, 1987, Müller and Kornmeier, 1996). Douglas and Wind (1987) illustrate the importance of the communication marketing infrastructure among others by the example of Brazil which has an inadequate mail service which would limit the effectiveness of a direct mail promotion. The authors argue that differences from market to market in the marketing infrastructure (in terms of availability of media, distribution channels and retail institutions or in the efficiency of the transportation and communication network) limit the use of a standardised strategy. Especially the effectiveness of media varies between different markets due to differences in regulations with regard to the time of permitted advertising on TV, the number of households with a TV set or a radio.

Therefore, many researchers find that the chosen communication elements and the overall promotion strategy are affected to a large degree by the availability of an infrastructure that supports the strategy (e.g. Akaah, 1991, Britt, 1974b, Synodinos et al, 1989, Peebles and Ryan, 1984, Kaynak and Mitchell, 1981, Sorenson and Wiechmann, 1975). As with regard to the promotion infrastructure several authors state that the choice of strategy is dependent on the availability, accessibility, complexity, and effectiveness of the distribution infrastructure (e.g. Baalbaki and Malhotra, 1993, Buzzell 1968, Rosenbloom et al, 1997, Stock and Lampert, 1988, Toyne and Walters, 1989). Douglas and Wind (1987) illustrate these differences by the example of supermarkets which dominate the US market of food sales while in other comparably industrialised markets such as in

the Japanese more than $\frac{3}{4}$ of food sales are generated by small retailers. The authors conclude that these differences severely limit the effectiveness of certain marketing strategies and thus represents a factor which require a considerable amount of adaptation. With regard to all these factors Jain (1989) comes to the conclusion that a high degree of standardisation of the marketing programme is more likely in the case that the environmental aspects in the host country are rather similar to the ones in the home market of a company. This notion which is shared among many authors (e.g. Hill and Still, 1984, Huszagh et al, 1986, Ohmae, 1985, Rosenbloom et al, 1997, Samiee and Roth, 1992) is also supported by empirical studies (e.g. Sorenson and Wiechmann, 1975, Akaah, 1991). Further support for this is given by Ozsmer et al (1991) who found a positive correlation between marketing programme standardisation and the similarity of retail structure in the host and the Turkish market as well as by the findings of Chhabra (1996) do with regard to South American markets. Therefore, the following proposition will be tested to evaluate this notion with regard to German companies and the world markets:

Proposition P 2-10

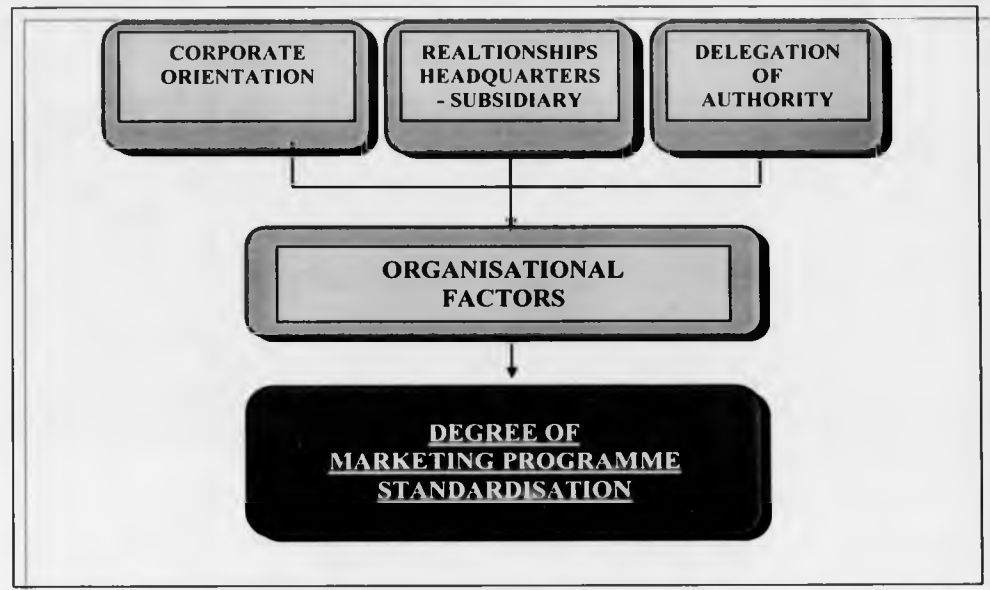
Companies are more likely to pursue a higher level of marketing mix standardisation if the marketing infrastructure of the foreign market is similar to that in the home market (e.g. Chhabra, 1996, Ozsmer et al, 1991, Akaah, 1991, Hill and Still, 1984, Jain, 1989).

3.7 THE INTERNAL DIMENSION OF CONTINGENCY VARIABLES: AN OVERVIEW

Several authors (e.g. Bartlett and Goshal 1986 and 1988, Collis 1991, Kim and Mauborgne, 1993, Prahalad and Hamel 1990, Shoham and Albaum, 1994, Shoham, 1995, Wiechmann and Pringle, 1979) have focused on another underlying aspect in the context of marketing standardisation debate: the internal dimension influencing marketing standardisation. The authors stress the importance of the internal resources of an organisation. They argue that the crucial aspects in determining a strategy and achieving a high level of performance are the internal organisational resources and skills of an organisation.

Jain (1989) considers this aspect in his conceptual framework by adding a dimension of organisational factors which focuses on corporate organisation, the headquarters-subsidary relationships and the delegation of authority. Figure 3.4 illustrates the key aspects of the internal dimension as suggested by Jain (1989).

Figure 3.5: The Organisational Factors of the Conceptual Framework of Jain (1989)



3.8 CORPORATE ORIENTATION

The dimension corporate orientation focuses on the managerial orientation and commitment towards foreign market environments and the managerial capability of considering foreign perspectives which influences the degree to which the management of a firm is likely to standardise its marketing activities (e.g. Jain, 1989, Kreutzer, 1989).

The notion of the corporate orientation is primarily based on the EPRG framework of Wind et al (1973) and Perlmutter (1969) who differentiate between ethnocentric, polycentric, regiocentric, and geocentric oriented organisations.

Perlmutter (1969) was the first author to present a framework which differentiated between major orientations of international managers. Based on his differentiation between ethno-, poly- and geocentric (EPG) orientations he argued in favour of global products for geocentric multinational companies. Wind et al (1973) expanded the EPG – framework of Perlmutter (1969) by adding a regio-centric orientation leading to the EPRG framework as briefly described in the following:

- **Ethnocentrism** is a primarily home-country-orientation.
- **Polycentrism** is a primarily host-country-orientation.
- **Regiocentrism** is a primary region-orientation.
- **Geocentrism** is a primary world-orientation.

3.8.1 ETHNOCENTRIC ORIENTATION

The strategic marketing approach of an ethnocentric corporate orientation can be summarised by “this works at home, therefore, it must work in every country” (Perlmutter, 1972, page 57). Gluck (1985) illustrates this notion with examples of American companies such as General Electric and Black & Decker which in the 1960s pursued an ethnocentric approach towards their international activities: “This country has the best technology, the best management

skills, and that famous American "can do" attitude" (Gluck, 1985, page 12).

Thus, the ethnocentric orientation implies that the management from the home country are superior to those in the organisation of the host country. The marketing strategy will be chosen which suits the headquarters best with regard to the norms of the country market of the headquarters. The information flow primarily consists of commands from headquarters to the country organisation (e.g. Gluck, 1985, Kreutzer, 1989).

The decision making and the authority lies in headquarters exclusively which leads to a very high degree of centralism. The country organisations exist with a minimal amount of autonomy to make sure that the interest of headquarters are implemented. This is the reason why, in ethnocentric enterprises, the key management positions are held by managers from headquarters (Wiechmann and Pringle, 1980).

3.8.2 POLYCENTRIC ORIENTATION

By pursuing a polycentric approach a firm considers the needs and wants of the country markets. Kreutzer (1989) illustrates a polycentric orientation on the example of Unilever. The focus lies on the development of a national image of the brand while ensuring that the interests of the management of the country organisation are taken into account (Keegan and McMaster, 1983).

Local differences are recognised and the national management has the authority to deal with the country-specific situation which limits the decision making at headquarters but is likely to establish a situation in which the brand is perceived as a national brand.

Robock et al (1977) argue that the polycentric approach is a concept which can be summarised as a portfolio of various activities in different countries which are only loosely linked with each other. Therefore, such an orientation is unlikely to generate any synergies but if the primary aim is to establish a brand which is perceived as a national one it might make sense to pursue this approach and to argue that "as long as they earn a profit, we want to remain in the background" (Perlmutter, 1972).

This might be considered as a necessity in certain markets which might have great potential due to their size of population but which are also characterised by a negative attitude towards western societies and their products primarily due to cultural or political reasons. Berg (1985) and Kumar (1982) have identified this as an issue with regard to India and Iran.

Wiechmann and Pringle (1980) state that the polycentric orientation is characterised by the decentral organisation of the enterprise with local employees in leading management positions in the country

organisations as well as willingness to participate in joint ventures with a minority stake.

3.8.3 REGIOCENTRIC ORIENTATION

The regiocentric approach is based on groups of relatively homogeneous country markets with regard to aspects such as culture (especially in terms of the language and the main religion) and politics which determine various regulations and the membership of certain trading blocks such as the European Union, ASEAN, NAFTA etc. (e.g. Bolz, 1992, Kreutzer, 1989).

The marketing strategies are developed for the different identified regions to optimise the overall performance of the company which means that a regiocentric company is likely to pursue more than one regional marketing strategy if operating world-wide. Perlmutter (1972, page 53) and Heenan and Perlmutter (1979) stress this notion when stating that "the United States is just one region on par with Europe, Latin America, Africa, etc. in each product division".

Saporito (1994) illustrates this approach by the example of Procter and Gamble which operates with regional brands such as "Ariel" in the European market and Morrison et al (1994) who find this orientation in the European TV division of Thomson Consumer Electronics.

This approach goes along with the notion of a common denominator perspective in which specific country organisations are willing to sacrifice certain national preferences for the regional good (Kreutzer, 1989).

The author stresses the importance of intensive internal communications within the company to be able to benefit from synergies and cost advantages of a regiocentric approach because otherwise there is the risk of conflict between the management of the regions. According to Kreutzer (1989) this orientation represents a challenge to management because it has to balance the decentralism of the regions with the efficiency of central management decisions regarding co-ordinating the regions.

3.8.4 GEOCENTRIC ORIENTATION

Several authors have argued in favour of a certain supremacy of geocentrism and global products for companies in a very advanced international phase of development (e.g. Perlmutter, 1969, Wind et al, 1973, Douglas and Craig, 1989).

By pursuing a geocentric approach a company tries to standardise its activities by considering global target groups in global markets while fighting global competition (Keegan and MacMaster, 1983). It is the primary aim of this approach to increase the global competitiveness of

the company by achieving a global cost or quality leadership which requires a very high degree of marketing programme standardisation (e.g. Buzzel, 1968, Levitt, 1983, Yip, 1989). This notion implies that the allocation of corporate resources on a global basis might sacrifice the interests of certain country organisations for the advantages of the global corporate objectives (e.g. Douglas and Craig, 1989).

Heenan and Perlmutter (1979), Pucik (1984) and Wiechmann and Pringle (1980) all observe that one major characteristic of this approach is to select and to develop employees solely on their qualification opposed to their nationality. The authors state that one major required qualification is the that the employee understands the corporate culture and has the potential to work world-wide for the company. In order to be able to implement geocentric managers, geocentric companies have to combine centralisation with elements of decentralisation (e.g. Bartlett, 1983, Picard, 1980).

There is a need for a certain amount of centralisation in order to ensure that the global strategy is not slowed down or even changed by national or regional strategies of country or regional organisations. But the intensity of competition also requires that the companies remain flexible and are close to the markets to register changes in consumer preferences. This need requires a certain amount of decentralised marketing competence. Keegan and MacMaster (1983) argue that the geocentric orientation acknowledges both the existence

of similarities as well as the existence of differences between the country markets.

Empirical studies like the one of Akaah (1991) found that geocentric (and regiocentric) orientated firms were more likely to standardise their marketing strategy than companies with different corporate orientations. Empirical support for this finding with regard to German companies is offered by Bolz (1992). Based on these findings the following proposition was put forward:

Proposition P 2-11

Companies which adopt a geocentric/regiocentric approach towards their operations are more likely to standardise their marketing mix than companies which pursue an ethnocentric/polycentric orientation (Bolz, 1992, Akaah, 1991, Jain, 1989, Perlmutter, 1969, Wind et al, 1987).

3.9 HEADQUARTERS – SUBSIDIARY RELATIONSHIPS

Corporate orientation and the aspects of the headquarters–subsidiary relationships are clearly closely linked and dependent on each other. Bartlett and Goshal (1988), Simmonds (1985) and Jain (1989) argue, for example, that in a truly geocentric orientation, a standardised strategy does not affect the decision making authority of the local managers since this approach is flexible enough to react to any arising difficulties to pursue the overall objective of the corporation.

Quelch and Hoff (1986) argue that country managers are unlikely to refuse to implement strategies of the headquarters when they can identify the strategy as being mutually beneficial and are able to participate in decisions (Ohmae, 1989). Kreutzer (1989) states that regiocentrism is regionally orientated also with regard to the marketing process and thus the information flow typically goes both ways between the country organisations and headquarters which makes the process beneficial for both sides.

The dimensions of headquarters–subsidiary relationships and the related delegation of authority have significant potential for conflict with regard to the standardisation of marketing strategy since headquarters (HQ) and subsidiaries might not always be able to realise

the mutual benefit of a strategy or simply disagree on the impact of a strategy or its benefits.

As Shoham and Albaum (1994) pointed out this friction can cause significant costs through suboptimal implementations of the strategy. The level of the friction might depend on the level of the controlling interest and capability which the HQ has with regard to its operations in foreign markets. The stronger the HQ controlling interest the stronger will be its position in transferring and implementing marketing programmes but the higher will also be the required resource commitment by the HQ (Vernon, 1979).

Rutigliano (1986) considered the central control of world-wide operations a necessary requirement for achieving a high level of standardisation, while Kashani (1989, 1990) differentiates between the authority of central control and the rigid implementation of standardisation. In his opinion successful firms search for input from their corporate networks but do not dictate strategies in a top-down way. But the greater the extent of HQ-subsidary co-operation the greater will be the level of marketing programme transfers (Jain 1989).

With regard to headquarters-subsidary relationships the following proposition will be tested:

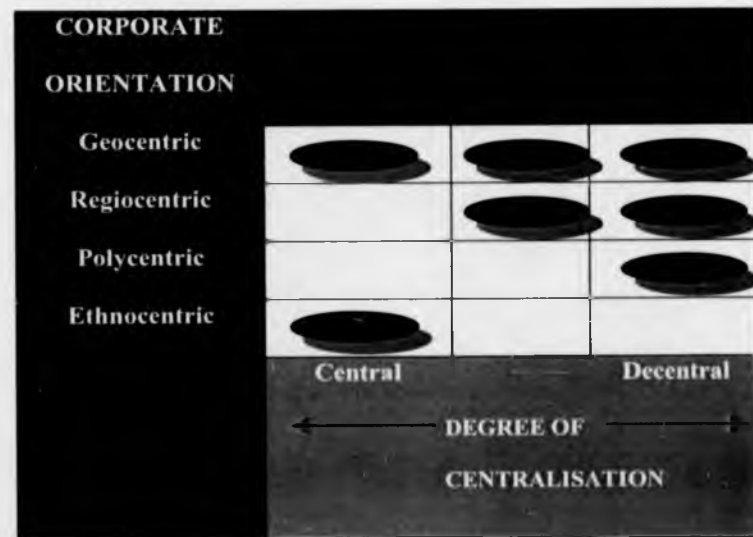
Proposition P 2-12

A company with a higher degree of ownership in its operations abroad is more likely to standardise its marketing mix than a company with limited ownership in its overseas operations (e.g. Jain, 1989, Kashani, 1989, Rutigliano, 1986, Vernon, 1979).

3.10 DELEGATION OF AUTHORITY

As with regard to the headquarters-subsidary relationships, there is a strong impact of the corporate orientation on the delegation of authority. Kreutzer (1989) demonstrates that the different orientations as characterised by the EPRG framework of Wind et al (1973) lead to different levels of centralisation regarding key decisions which are illustrated in Figure 3.6.

Figure 3.6: Relationship between corporate orientation and degree of centralisation of decision making (based on Kreutzer, 1989)



The different degree of centralisation of the decisions is based on the different notions and aims of the different kinds of orientations. The one extreme is the highest possible degree of centralism as pursued in ethnocentric companies. Authors like Gluck (1985) emphasise that this approach considers the headquarters as superior to its country organisations and will, therefore, make all relevant marketing decisions centrally.

The other extreme is presented in the geocentric firm which shows a high degree of centralism at headquarters to achieve global objectives while remaining dependent on its country organisations which nevertheless are in the position to make certain decisions representing a certain degree of decentralised control (e.g. Bartlett and Ghoshal, 1988, Simmonds, 1985).

Such an approach might prevent difficulties between the management of headquarters and the subsidiaries as authors like Yip (1989) and Kogut (1990) stress when they emphasise that a high degree of central control might lead to a reduction of the specific country market-relevant flexibility.

Another important aspect with regard to a high degree of central control is that it might reduce the autonomy of the local management. This can lead to a sub-optimal use of the local management

capabilities and a local attitude of "not invented here" if problems were to arise (e.g. Bolz, 1992, Yip, 1989, Kreutzer, 1989).

Quelch and Hoff (1986) argue that local management typically tries to get back more autonomy with regard to control (e.g. in the form of increased budgets) when their headquarters pursue a high level of central control but needs a fast execution of concepts in the country markets. Channon and Jalland (1979) stress that a tight control from the headquarters might lead to the loss of competent local managers and an unwillingness of the remaining local management to execute global concepts which in turn might lead to an even higher degree of centralised control.

With regard to the controlling interest of headquarters and the degree of marketing standardisation empirical findings suggest that headquarters typically place the highest degree of influence and control on decisions regarding the product programmes, followed by the promotion mix while the distribution and pricing decisions are primarily taken on the local level (e.g. Beutelmeyer and Mühlbacher, 1986, Hedlund, 1981, Wiechmann, 1976).

Bolz (1992) as well as Halliburton and Hünerberg (1987) and Ahn et al (1986) argue that there is a strong link between the level of control with regard to marketing programmes and the actual degree of standardisation of the marketing elements. This notion is supported by Welge (1982), Blau and Schoenherr (1971) and Child (1973) who

emphasise that the delegation of authority leads to the necessity of co-ordinating decisions which were taken decentrally. When applied vice versa, this argument implies that a high degree of centralisation leads to a very limited need for co-ordination and thus leads to one of the major aims of marketing standardisation - increased efficiency.

Egelhoff (1984) found a positive relationship between global, headquarters-driven control and marketing standardisation stressing that centralisation and standardisation are not alternative issues but one single tool towards a centralised corporate approach. Empirically, the studies of Ahn et al (1986) and Egelhoff (1988) lend support for a positive relationship between the standardisation of marketing programmes and the centralisation of control decisions. In order to test this notion in this study the following proposition was formulated:

Proposition P 2-13

The greater the controlling interest of the headquarters in its overseas operation the more likely it is to pursue a standardised marketing strategy (e.g. Bolz, 1992, Kreutzer, 1989, Egelhoff, 1988, Halliburton and Hünnerberg, 1987, Ahn et al, 1986).

3.11 **IMPACT OF STANDARDISATION ON PERFORMANCE**

The final dimension of the framework of Jain (1989) is about marketing standardisation and performance. Shoham (1995) states that Jain's approach (1989) is based on the implicit assumption that the various contingency variables pull in different directions, some in the direction of a high degree of standardisation, some towards a higher degree of adaptation. Therefore, the author argues that "while Jain views these factors as determinants of standardisation they can also be viewed as moderators of the relation between standardisation and performance in that they limit the degree of feasible standardisation" (Shoham, 1995, page 109).

Taking this aspect into account as well as the fact that the measurement of performance can be regarded as an ambiguous issue it is not surprising that research in this relation has different focuses and that the findings regarding marketing standardisation are mixed (e.g. Venkatraman and Ramanujam, 1986).

Venkatraman and Ramanujam (1986) state that a broad distinction can be made between financial and non-financial performance indicators. According to authors like Gosling (1988) and Whitt and Whitt (1988) one can regard as typical non-financial performance indicators (among others):

- market share
- market growth
- customer satisfaction
- customer awareness

Financial performance indicators can also take various forms. Most of the indicators refer either to growth or profitability. According to the literature (e.g. Blaine, 1994, Lee and Blevins, 1990, Rugman, 1983, Geringer et al, 1989, Hansen et al, 1989) typical financial performance indicators are (among others):

- Return on investment (ROI)
- Return on sales (ROS)
- Return on assets (ROA)
- Return on shareholder equity (ROE)

With regard to the marketing standardisation debate Buzzell (1968) was the first to stress the crucial importance of profitability with respect to the decision of a firm whether to pursue a standardisation strategy or not. Ever since various authors (e.g. Keegan, 1969, Samiee and Roth, 1992, Shoham, 1995, Wind, 1986) have considered the importance of economic pay-off through standardisation because any marketing standardisation is not considered as important for companies if it does not have the potential to enhance performance (e.g. Samiee and Roth, 1992, Shoham, 1995).

The performance indicators used in most research in this field focus on financial indicators and, within those, primarily on return on investment (e.g. Roth and Morrison, 1990, Meffert and Bolz, 1995, Fraser and Hite, 1990). Non-financial indicators receive far less attention while there is a strong focus in favour of discussing the issue of performance in terms of scale effects (e.g. Buzzell, 1968, Levitt 1983, Porter, 1986).

Therefore, the standardisation strategy literature primarily discusses performance in the context of cost and efficiency advantages through economies of scale (e.g. Buzzell, 1968, Keegan, 1969, Levitt, 1983, Porter, 1986, Sorenson and Wiechmann, 1975). Cost advantages could arguably arise from economies of scale achieved through a high degree of product standardisation with a higher production level in centralised production facilities which would increase the efficiency (e.g. Douglas and Wind, 1987, Keegan, 1969, Levitt, 1983). If a company was able to standardise its product it is able to decrease its fix costs related to this marketing element but it also creates the potential for further standardisation and thus fewer costs related to other elements of marketing (Buzzell, 1968, Green et al, 1975, Onkvisit and Shaw, 1987, Terpstra, 1987).

Interestingly, the emphasis on scale effects related to a standardisation seems to be the area of the debate in which the broadest consensus exists in the literature (Henzler and Rall, 1986, Hout et al, 1982, Jain, 1989, Levitt, 1983, Sorenson and Wiechmann 1975, Terpstra, 1987).

But despite the conceptual consensus on the theoretical advantages of marketing standardisation the pattern of findings in terms of the relationship between marketing standardisation and performance are highly inconsistent (Shoham, 1995).

3.11.1 FINDINGS ON STANDARDISATION AND PERFORMANCE

Several authors (e.g. Shoham, 1995, Kaynak and Kuan, 1993, Fraser and Hite, 1990, Christensen et al, 1987) argue with regard to performance and product standardisation that a positive relationship exists between these two aspects. But in contrast to this notion, various other studies have shown a negative relationship (e.g. Cavusgil and Kirplani, 1993, Macy et al, 1993, Walters and Samice, 1990). The research of Koh and Robicheaux (1988) and Schneeweis (1985) showed an insignificant relationship. Fraser and Hite (1990) conducted a world-wide survey on the impact of standardised advertising and products in relation to the rate of return and market share of companies. In terms of product standardisation their findings showed that there was a positive relation between a standardisation of core products in European markets and a higher return of investment (ROI). More significantly positive was the relation between the product standardisation and a high market share in Anglo-Saxon markets. In terms of the standardisation of advertisements there was a significantly positive relation between the standardisation and the ROI in the European and Anglo-Saxon markets as well as there was a (less

significant) positive impact on the market share. Meffert and Bolz (1995) found in an empirical study of primarily European firms that the standardisation of product and distribution aspects generated a positive impact on the ROI while the standardisation of the marketing process showed a negative impact on the financial performance. However, the study of Ghoshal and Nohria (1989) could not find any evidence for a relationship between the internal process standardisation and its impacts on ROI. The findings of a survey conducted by Hedlund (1981) which focused on Swedish Multinational Corporations showed a clearly negative relation between the two parameters. In contrast to this result Cray (1984) found a tendency towards a positive relation between the internal marketing standardisation and its impact on performance. Samiee and Roth (1992, p.1) conducted a study analysing the impact of world-wide standardisation on business unit performance, technology, the PLC, marketing policy and corporate strategy. The authors identified global industries and considered the intra-industry trade with regard to 147 responses. Their findings with regard to financial performance were that "no difference is observed between firms stressing world-wide standardisation and others". Moreover, the authors proposed that despite the importance of reduced costs and lower, competitive prices due to standardisation the primary objective of firms is to increase profitability. The authors argued that the economies related to standardisation (and which most authors refer to when arguing in favour of a standardisation approach) do not help the aim of increasing profitability but lower costs which in their opinion weakens

the appropriateness of global standardisation. Taking all these different findings and aspects into account one could argue that there seems to be neither clear evidence of a positive impact of the standardisation of marketing programmes and the internal marketing processes nor is there clear evidence against such a notion. This result is probably due to the fact that research in this field has been primarily of a fragmented nature (e.g. Boddewyn, 1981, Bradley, 1987). Therefore, several authors see a need to further investigate this topic (e.g. Hamel and Prahalad, 1985, Hout et al, 1982, Huszagh et al, 1986). Based on above discussion and for the purpose of this study, performance will be measured on the basis of financial performance indicators as well as on the basis of non-financial indicators. Therefore, and based on above notions two propositions, P 2-14 and P 2-15, will be tested with regard to performance:

Proposition P 2-14

Companies which standardise their marketing mix to a large degree are successful with regard to their financial performance in international markets (e.g. Meffert and Bolz, 1995, Shoham, 1995, Kaynak and Kuan, 1993, Christensen et al, 1987).

Proposition P 2-15

Companies which do not standardise their marketing mix to a large degree are successful with regard to customer satisfaction in international markets (e.g. Chang, 1995, Kotler, 1986).

3.12 CONCLUSIONS

This chapter has given an overview of the theoretical background for this research with regard to the key contingency factors. Based on the extensive review of the relevant literature it is demonstrated that the key question in this debate is not whether or not a company should use a standardisation or rather an adaptation approach towards its international marketing activities but that it is a matter of degree. Managers have to be clear about the specific solutions for their particular organisations but in any case a reasonable degree of marketing standardisation is dependent on various contingency factors which also are examined in detail in this chapter by applying the conceptual framework of Jain (1989).

In the following tables the propositions are summarised. Table 3.3 gives an overview on the proposition P 2-1 to P 2-15 which refer to the second theoretical building block of the literature review and hence the contingency factors and performance as presented in the framework of Jain (1989).

Table 3.3: Propositions relating to Contingency Factors

Propositions (P 2)	The Contingency Factors of Marketing Standardisation
P 2-1	Companies are likely to standardise their marketing mix to a higher degree if the customer characteristics and their behaviour in the home market and in the host market are similar (Müller and Kornmeier, 1996, Bolz, 1992, Ozsomer et al, 1991, Huszagh et al, 1985, Jain, 1989, Levitt 1983, Ohmae 1985).
P 2-2	Companies are likely to standardise their marketing mix to a higher degree if the economic factors in the home market and in the host market are similar (e.g. Müller and Kornmeier, 1996, Chhabra 1996, Shoham, 1996, Bolz, 1992, Jain 1989, Levitt 1983, Ohmae 1985).
P 2-3	Companies are more likely to standardise their marketing mix to a higher degree when their market position in the home and host markets are similar with regard to their market share (e.g. Meffert and Bolz, 1995, Müller and Kornmeier, 1995, Henzler and Rall 1986, Jain 1989, Sorenson and Wiechmann, 1975).
P 2-4	Companies are more likely to standardise their marketing mix to a higher degree when the level of competitive rivalry is low (e.g. Bolz, 1992, Ozsmer et al, 1991, Jain, 1989, Kreutzer, 1989, Quelch and Hoff, 1986).
P 2-5	The more similar the target groups are with regard to the customers' perception and preference in the chosen overseas market the higher the degree of standardisation of the marketing mix (e.g. Roth, 1995, Bolz, 1992, Jain, 1989, Kreutzer, 1989).
P 2-6	Companies tend to standardise a high degree of marketing mix standardisation if the product life cycle in home and host market are similar (Bolz, 1992, Ozsmer et al, 1991, Akkash, 1991, Jain, 1989, Kirplani, 1985, Kirplani and Macintosh, 1980, Sorenson and Wiechmann, 1975).
P 2-7	Companies which operate in consumer markets are less likely to standardise their marketing programme than companies which are involved in marketing industrial goods (e.g. Chhabra, 1996, Cavusgil et al, 1993, Hill and Kwon, 1992, Samiee and Roth, 1992, Jain, 1989, Boddewyn et al, 1986).
P 2-8	Companies which position their products in a similar way in their foreign markets as in their home markets are more likely to standardise their marketing mix than companies which have a different positioning in foreign markets (e.g. Bolz, 1992, Jain, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975).

Table 3.3 (cont'd)

Propositions (P 2)	The Contingency Factors of Marketing Standardisation
P 2-9	Companies are more likely to pursue a higher level of marketing mix standardisation if the political, physical and legal circumstances of the foreign market is similar to these aspects in the home market (e.g. Akaah, 1991, Buzzell, 1968, Doz and Prahalad, 1980, Hill and Still, 1984, Jain, 1989).
P 2-10	Company are more likely to pursue a higher level of marketing mix standardisation if the marketing infrastructure of the foreign market is similar to this aspect in the home market (e.g. Chhabra, 1996, Ozsmer et al, 1991, Akaah, 1991, Hill and Still, 1984, Jain, 1989).
P 2-11	Companies which adopt a geocentric/regiocentric approach towards their operations are more likely to standardise their marketing mix than companies which pursue an ethnocentric/polycentric orientation (Bolz, 1992, Akaah, 1991, Jain, 1989, Perlmutter, 1969, Wind et al, 1987).
P 2-12	A company with a higher degree of ownership in its operations abroad is more likely to standardise its marketing mix than a company with limited ownership in its overseas operations (e.g. Jain, 1989, Kashani, 1989, Rutigliano, 1986, Vernon, 1979).
P 2-13	The greater the controlling interest of the headquarters in its overseas operation the more likely it is to pursue a standardised marketing strategy (e.g. Bolz, 1992, Kreutzer, 1989, Egelhoff, 1988, Halliburton and Hünerberg, 1987, Ahn et al, 1986).
P 2-14	Companies which standardise their marketing mix to a large degree are successful with regard to their financial performance in international markets (e.g. Meffert and Bolz, 1995, Shoham, 1995, Kaynak and Kuan, 1993, Christensen et al, 1987).
P 2-15	Companies which do not standardise their marketing mix to a large degree are successful with regard to customer satisfaction in international markets (e.g. Chang, 1995, Kotler, 1986)

CHAPTER FOUR

METHODOLOGY

CHAPTER FOUR

METHODOLOGY

4.1 INTRODUCTION

It is the aim of this chapter to explain the methodological approach used in this research. The chapter examines the various aspects related to the process of data gathering as well as describing the statistical techniques employed to analyse the data. Therefore, this chapter is primarily concerned with the development of a proper research strategy and construct based on the framework of Churchill (1979).

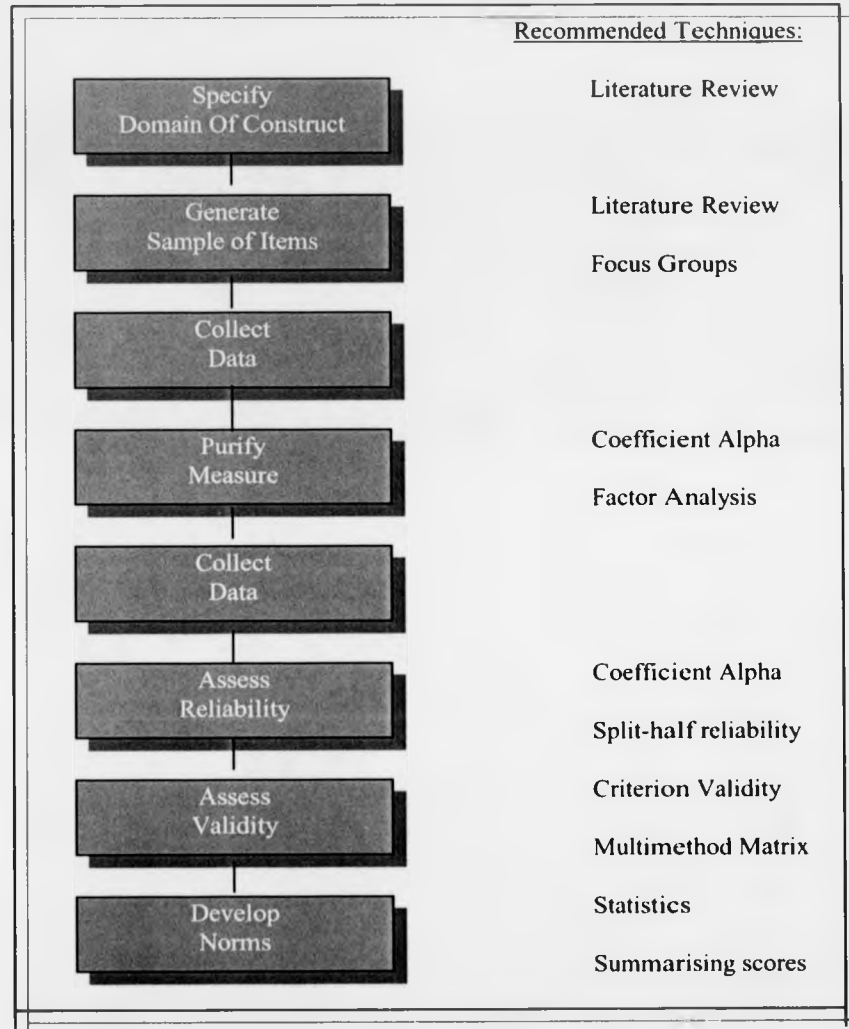
Thus, chapter four primarily focuses on the discussing of the methods of enquiry, the design of the questionnaire, the selection of the German companies and the issues of validity and reliability of measurement as well as the aspects relating to simple and regression analysis, to T-test analysis and one-way and post ANOVA are explored.

4.2 RESEARCH STRATEGY

Empirical research in any discipline and nation is complex and, therefore, full of potential sources of error which makes a clear strategy towards its methodological issues crucial. In addition, the complexity of an empirical study requires even more attention to the research strategy since important aspects such as the equivalence of language and instrumentalisation (Douglas and Craig, 1983, Samiee and Jeong, 1994) have to be taken into account.

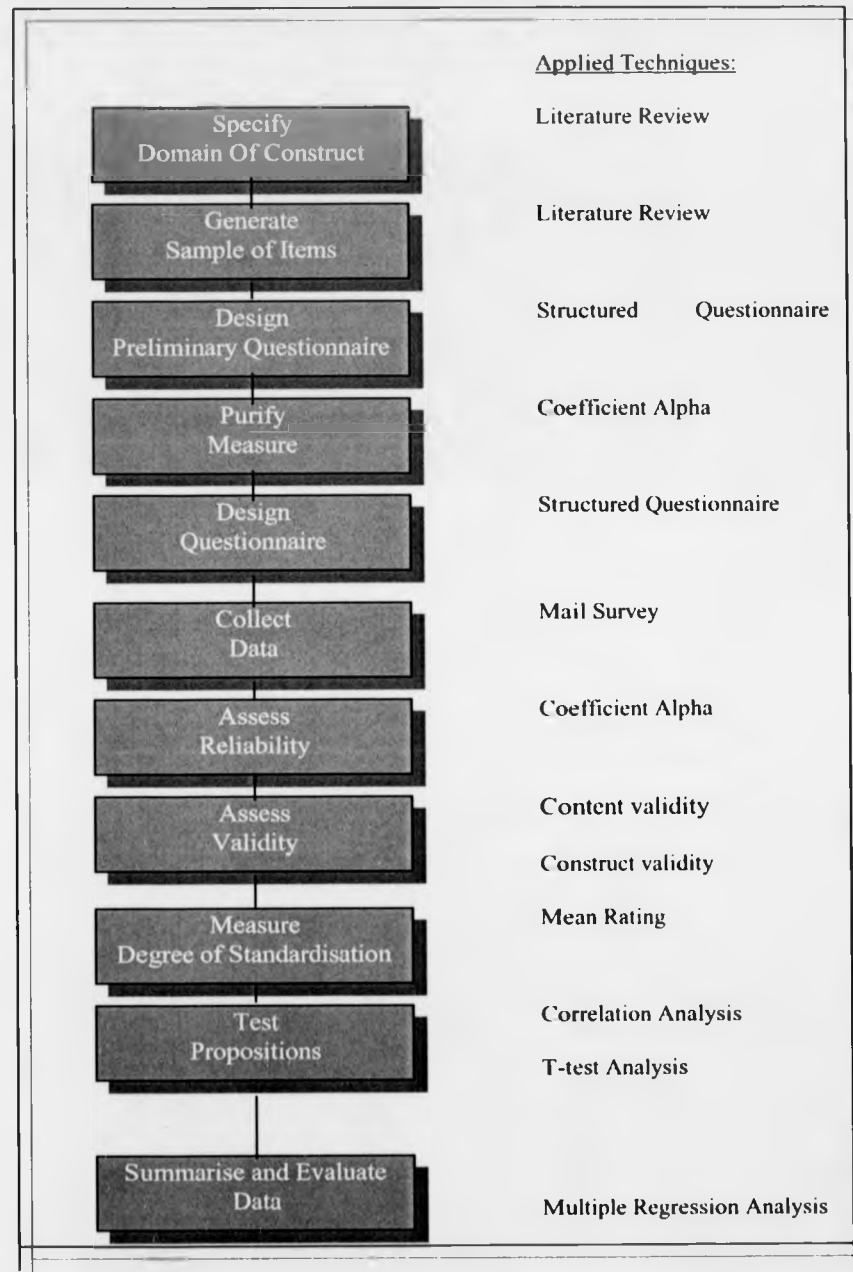
Adler (1983) stresses the importance of the functional equivalence and the instrumentalisation of the sampling design in research. Furthermore, the author also regards the criterion definition and the research administration as further key issues (Adler, 1983). Nasif et al. (1991) highlight the importance of methodological simplicity and the level of analysis while Cavusgil and Das (1997) summarise the key aspects such as the basic research design, the sampling issues, the instrumentation and data collection and the data analysis. Cavusgil and Das (1997) also stress the importance of a solid theoretical research construct before concentrating on specific cross-cultural aspects and that some aspects of the research design may be more important than others. Such a solid theoretical research construct is offered by Churchill (1979) who offers a framework for one of the most critical research aspects: the development of better measures of marketing constructs (figure 4.1).

Figure 4.1: Procedure for Developing better Measures (Churchill, 1979)



The framework of Churchill (1979) reduces the risk of ambiguity and errors and has already been applied successfully in previous studies (e.g. Melewar, 1994). Figure 4.2 illustrates the research strategy for this study.

Figure 4.2: Research Strategy for this Study



4.3 DOMAIN OF CONSTRUCT

Churchill (1979) emphasises the importance of specifying the domain of construct. The researcher must be absolutely clear about the conceptual specification of the construct. Saunders (1994) shares this opinion when he describes the possession and exercise of sound substantial knowledge of the intricacies of the systems being compared by researchers as the fundamental pre-requisite of good research. No ambiguity must remain about which factors should be included or excluded in the domain. This seems to be of even greater importance when conducting a study in the field of marketing standardisation in which there is a significant amount of ambiguity due to different perspectives and definitions. (Goshal, 1987, Hamel and Prahalad, 1985, Porter, 1991). Therefore "it is imperative that researchers consult the literature when conceptualising constructs and specifying domains" (Churchill, 1979, page 67).

With regard to this research a precise literature review in the UK as well as in the concerned country, Germany, was conducted and any relevant contribution to the debate was considered before specifying the construct under study (e.g. Müller and Kornmeier, 1996, 1995, Meffert and Bolz, 1995, Bolz, 1992, Kreutzer, 1989). Finally, it was decided to define the domain of construct of this study as "the degree of marketing programme standardisation of the largest German companies with regard to external and internal factors" to narrow the

identified gap in the literature.

4.4 SAMPLE OF ITEMS

After having specified the domain of construct it is crucial to generate items which capture the domain in the way it was specified (Churchill, 1979). The aim is to have a clear indication of how a variable is defined and how many components it has. In order to accomplish this aim one can consider techniques such as literature reviews, experience surveys (Dickson and Albaum, 1977) or focus groups (Churchill, 1979).

For this study the researcher primarily relied on a thorough literature review and on the expertise of an experienced British researcher in this field in order to generate the sample of items before discussing them with two marketing vice presidents and one chief executive officer of German companies which agreed to participate in the project.

After having conducted the review of the relevant literature and after having the discussions with the industry experts the researcher defined the construct and the number of components in accordance with the conceptual framework of Jain (1989) and the work of Akaah (1991).

Therefore, the domain of construct of this study consists of the following determinants:

-product	
-price	
-promotion	
-distribution	
-organisation / orientation	(3 sub-components)
-target market	(2 sub-components)
-market position	(5 sub-components)
-nature of product	(3 sub-components)
-environment	(4 sub-components)
-performance	(4 sub-components)

For generating the scale items with each component the same approach was chosen as for the definition of the components: The items were chosen from the review of the relevant literature and the discussions with the marketing vice presidents of the participating companies. The items and their sub-components were rated on a five-point-scale. This is because a five-point (interval) scale can be considered as more powerful than a nominal scale (Churchill, 1983). This is particularly important because Churchill (1983, page 246) argues that "the more powerful scales allow stronger comparisons and conclusions".

4.5 PRELIMINARY QUESTIONNAIRE

As a result of the above steps a preliminary questionnaire was designed in English which was translated into German. With regard to their content these two versions of the questionnaire were absolutely identical in order to ensure the sample comparability and the equivalence of language. The equivalence of language implies that the words which were used in the measuring instrument convey equivalent meanings across cultures (Cavusgil and Das, 1997). In order to achieve an equivalence of language it is widely accepted in the literature to utilise iterative back translation techniques and parallel translation techniques with native speakers (Adler, 1983, Douglas and Craig, 1983, Sekaran, 1983). Hofstede (1980) suggests an approach of using bi- or multilingual translators who should translate into their preferred language. This approach was pursued when the researcher translated the questionnaire developed in English into German and then back into English.

In order to identify and eliminate areas of confusion a pre-test was conducted - in accordance with the recommendations of Tull and Hawkins (1990) - by sending the questionnaire to the above described sample of executives. After the respondents completed the questionnaire they were interviewed by the researcher. The pre-test and the following discussions with the industry experts resulted in the decision to send out the British version of the questionnaire only. This

decision was made after German executives stated that they felt very comfortable with the British language. They stated that most of their daily activities were performed in English anyway. An offer of sending the German translation of the questionnaire (Appendix B3) to the non-responding companies which was made in the reminder letter was not used by a single company.

4.6 PURIFYING THE MEASURE

Churchill (1979) recommends the domain sampling model for purifying a measure. The domain sampling model (Ley, 1972) is based on the concept of an indefinitely large correlation matrix illustrating all correlation between the items which are in the domain. Parameswaran et al (1979, page 20) state that this model "does not require any postulates about underlying factors (true and error score concept) nor does it require that test samples have equal means, variances, and covariance (eclectic concept)". According to Nunnally (1967) this model represents the notion that the aim of a measurement is to estimate the score which would be received in the case of utilising all items in the domain. The underlying assumption is that the average inter-correlation of an item with all other items within the domain always remains the same. But in practise one often does not utilise all items available but only a sample of them (Churchill 1979). According to the model this is not problematic despite the likelihood that each item might have a certain amount of distinctiveness because

the key notion underlying the model is that all items belonging to the domain of the concept have an equal amount of common core. Thus all the responses to the items which are taken from one single domain should be highly interrelated. If this should not be the case the low inter item correlation represent unreliability and error based on drawing items from an incorrect domain. According to the literature (e.g. Churchill, 1979, Nunnally, 1967, Peter, 1979) the most appropriate way to measure the consistency of the items is the use of Cronbach's Coefficient Alpha (Cronbach, 1951).

4.7 CRONBACH'S COEFFICIENT ALPHA

As Churchill (1979) stresses the Cronbach's Coefficient Alpha should be used to measure the internal consistency of sets of items because it is directly linked to the notion of the domain sampling model. Because of that Cronbach's Coefficient Alpha can be regarded as one of the most important deductions from the theory of measurement error (Nunnally, 1967) and "as a most useful formula for assessing the reliability of measures in marketing research" (Peter, 1979, page 9).

$$\alpha = \left(\frac{k}{k-1} \right) \left(1 - \frac{\sum_{i=1}^k \sigma_i^2}{\sigma^2} \right)$$

k = number of items in the scale ; σ_i^2 = variance item i ; σ^2 = variance of scale

The main reason for the success of Cronbach's alpha is based on the fact that it determines the mean reliability coefficient for all possible

ways of splitting a set of items in half. Thus it avoids the difficulties related to the basic split-halves techniques which split item scores in half and correlate the resulting half scores (Summers and MacKay, 1976, Villani and Wind, 1975) leaving the researcher with the problem that - depending on how the items are split in half - the obtained results vary (Peter, 1979). Cronbach's coefficient alpha overcomes this problem because the square root of coefficient alpha is the estimated correlation of the k-item test with errorless true scores (Nunnally, 1967). Thus the k-item test correlates well with true scores whenever Cronbach's Alpha is large while the sample items do not capture the construct well whenever the Cronbach's Alpha is small.

What one should regard as a large or as a small coefficient depends to some extent on the stage of the research: while a final reliability score of between .90 and .95 should be reached before making important decisions it is enough to have reliability scores ranging between .50 and .60 (Nunnally, 1967). The Cronbach's Alpha was calculated for the scale components as shown in Table 4.3. The measure led to satisfactory levels of obtained coefficient alphas scores which made it possible to carry on.

4.8 DESIGN OF THE QUESTIONNAIRE

The questionnaire was structured and it was designed in a way which made it easy to complete. Since the length of the questionnaire is considered to be an important factor in terms of response rates in an industrial population (e.g. Jobber and Saunders, 1993), the total number of the questions was limited to 46, spread over six pages. The majority of questions (30) used a numeric scale (1-5 to evaluate the responses) in which aspects considered as highly similar were rated "1" while factors which the respondents consider as highly different were rated "5". There were twelve questions which used tick boxes and only four open-ended questions that asked for factual data (e.g. name of company).

The questionnaire was printed on white paper to keep the costs down especially since the research findings about the effect of coloured questionnaires are inconsistent (Greer and Lohtia, 1994, Jobber and Sanderson, 1983, Harzing, 1997). The language used in the questionnaire was English after the pre-test with German executives showed that German executives were comfortable with English version of the questionnaire.

This questionnaire was accompanied with a cover letter describing the research project in the language of the respondents. It was personalised (Dillman, 1978, LaGarce and Kuhn, 1995, Yu and

Cooper, 1983) and had a hand-written signature accompanied by a second signature of the researcher's supervisor to make the letter look even more important. The approach of having two signatures was chosen because it replicated the German standard procedure for important business mail and moreover this approach has also been applied in previous research into German companies (Shaw, 1992). This approach reflects the German way of sending important business correspondence to clients or customers (Appendix A 1).

4.9 DATA COLLECTION

A mail survey addressing the Chief Executives Officers (CEOs) of the 500 largest German companies by turnover was conducted in order to be able to investigate the aims of this research.

Data was collected on external country factors comprising aspects of the marketing environment, customer characteristics and behaviour and the competitive environment. In addition, respondents were asked to evaluate the degree of similarity in their company's marketing mix and marketing process activities between their home and their overseas operations. Meanwhile, a computer package was certainly needed for this study since modern computer technology has made data analysis relatively straightforward (e.g. Diamantopoulos and Schlegelmilch, 1997). Compared to single-focus programmes, powerful general purpose packages are much more helpful and

satisfactory to meet the purpose of this study because such packages have facilities for data tabulation, descriptive statistics, cross-tabulations, tests for differences between groups, correlation analysis and multivariate statistics (e.g. Hooley and Hussey, 1995). SPSS for Windows, a widely available and recommended package is therefore used in this study.

4.9.1 SAMPLE SELECTION

The identification of the companies was done through secondary research which was based on a search of relevant books such as The Financial Times' Top 1000 European Companies 1996 and Kompass Who Owns Who. In addition to this, publications of official bodies and industrial and trade publications such as of the German Chamber of Commerce were used. The sample was finally selected by using The Financial Times 'Top 1000 European Companies' and the Frankfurter Allgemeine Zeitung GmbH Information Service 'Germany's Top 500' because of the compact information including names and phone numbers.

4.9.2 MAIL SURVEY APPROACH

The approach of a mail survey or a mail interview is a form which is commonly used in research projects in the field of marketing (Torabi, 1991). Other major options for conducting a survey such as personal interviews (Yeung, 1995) or telephone interviews (Tull and Hawkins, 1990) can be regarded as about twice as effective with regard to increasing the response rate (Yu and Cooper, 1983) but they are accompanied with significant costs and are less time convenient (Fox et al., 1998). Therefore the authors consider for most research projects a mail survey as the only possible option for collecting data.

The broad scope of this research (consumer goods as well as industrial goods) and the relatively large sample size would have contributed further to the cost aspect. Moreover, a mail survey has other advantages such as its geographic flexibility with regard to the location of the respondents (Kanuk and Berenson, 1975). It is time convenient and enables the respondent to get information on questions from colleagues of other departments if necessary when answering the questionnaire (Holm, 1991). Another major advantage of a mail survey which is likely to play a role in this study is that the approach offers a high degree of anonymity (Holm, 1991). Many respondents participating in this study did not want to be associated by name with this research despite the fact that they were reassured that all information received will be held in strictest confidence and that no

conclusions will be drawn from individual companies. A final aspect for choosing a mail survey was the intention to use the same approach as Akaah (1991) to replicate the findings of his research which investigates the degree of marketing programme standardisation with regard to the top 500 companies in the USA.

4.9.3 METHOD OF ENQUIRY

The initial mailing consisted of a cover letter (Appendices A1), the questionnaire (Appendices B1) and a stamped, preaddressed return envelope to minimise any inconvenience and costs for the respondents to receive a high response rate. Personalised addresses and the personal salutations to the CEO by name were used because a significant number of authors argue that a personalisation of the potential respondent also have a positive impact on the response rate of a mail survey (Church, 1993, Harvey, 1987, Jobber, 1986, LaGarce and Kuhn, 1995, Yu and Cooper, 1983).

The follow-up strategy included a reminder letter which was mailed to increase the responses to the initial mailing. In order to further increase the response rate Dillman's multiple follow-up strategy (Dillman, 1978) was utilised since it has found significant acceptance in the literature (Fox et al., 1998, McKee, 1992). Therefore, a second mailing was sent out which was followed after one week by a written reminder. After two more weeks a final mailing was sent out to non-

respondents which was followed by another telephone contact.

Final telephone follow-ups were conducted but turned out to be very unsuccessful despite full access of the researcher to the company's phone numbers. Despite the multiple attempts of the researcher to get connected most secretaries blocked the access to various executives constantly by stating that the executive and other competent marketing colleagues were having meetings or that they were on a business trip.

Due to the mail delivery times and the limited priority with which the companies seem to have allocated to the study the responses came in rather slowly. For the first mailing around 20 % of the total amount of responses were received after two weeks, 50 % within four weeks and nearly 70 % within eight weeks. The remaining 30 % trickled in over another six weeks. A very similar pattern was found for the reminder of the first mailing. The responses to the second mailing came in more slowly with nearly 10 % after two weeks but recovered quickly in the next two weeks, by the end of which 50 % of the final amount of the questionnaires had arrived. After 6 weeks 70 % had been received. In the reminder to the second mailing the responses took even more time.

Roughly 10 % after the second, 35 % after the fourth and 60 % after the sixth week. In both cases the reminders generated an additional response of around 40 % of the original responses. No differences were observed with regard to the responses in terms of characteristics

of the population. As indicated above around 30 % of the responses were received through the reminders. Another mailing to the ones which did not response at all and a phone contact did not generate any additional responses.

4.9.4 RESPONSE RATE

While response rates of national mail surveys typically vary between 1% and 31% (Fox et al., 1998) the response rates of international mail surveys are generally lower (Jobber and Saunders, 1988, Teagarden et al, 1995). The response rates of international mail surveys without a pre-contact or a telephone follow-up contact are in a range between 6% and 16 % (Goshal and Nohria, 1993, Jobber et al, 1991, Kopp, 1994, Shipchandler et al, 1994, Wolf, 1994). Since the questionnaires for this study were sent from the UK the response rate will be compared to the ones of international surveys.

The response rates for this study are within the range of comparable surveys. The response rate of the usable questionnaires was 17.2% (86 questionnaires). A list of the participating companies cannot be given since anonymity was promised and this thesis will effectively be in the public domain. Table 4.1 illustrates the result in terms of the sampling.

Table 4.1: Result of Sampling

	Total Number of questionnaires	Number of Responses	Response Rate
Complete	-	86	17.2 %
Incomplete	-	12	2.4 %
Total	500	98	19.6 %

While the literature suggests that there is no inverse relationship between the questionnaire length and obtained response rates (Jobber, 1989) some respondents who did not complete the questionnaire (as well as some who did) claimed that it was too long.

Another and major aspect for not filling in the questionnaire completely or not at all was the concern of the respondents about the confidentiality with regard to the data. It seems that for the latter reason most respondents did not use the opportunity to attach their business card or name to the questionnaire when returning the questionnaire. This seems to be a common problem since other researchers (e.g. Simon, 1990) faced similar difficulties with German managers which seems to suggest that university research in general was not regarded as being practically meaningful to them.

Therefore, many respondents were not interested in participating and in receiving the results at all which had been thought of as

representing an incentive for the respondents. This incentive seems to have actually represented a strong reason for non-response or for incomplete responses since if one is not interested in receiving the overall results of the research one cannot gain anything from participating. Following this train of thought it is understandable that many respondents and non-respondents in particular chose not to give any disclosure of company information to a third party despite the reassurance that all information will be kept in strictest confidence.

Despite the fact that the most recent secondary sources were used, the addresses of the companies were one year old resulting in some returned questionnaires. In addition, some of the named executives had left the company which caused some companies to return the mailing as undeliverable. For these reasons 23.6 % of the mailings were returned as undeliverable which is in a normal range in comparison to other international mail surveys. Recent findings of Casson et al (1996), Schlegelmilch and Robertson (1995) and Shiphandler et al (1994) all report numbers for undeliverable mailings between 20% and 26%. Other reasons for not participating in this research were lack of time and the increasingly high numbers of similar requests from other researchers.

Finally, some of the companies did not operate internationally and stated therefore that they were unable to participate in this study. A detailed analysis of the participating companies. Table 4.2 summarises

the reasons for not participating.

Table 4.2: Reasons for Not Participating in this Study

Reason for Non-Response	Frequency	Percentage
Concerns about confidentiality	103	25.6 %
No interest	97	24.1 %
No time	48	11.9 %
Not relevant (not international)	18	4.5 %
Undeliverable	95	23.6 %
No response at all	29	7.2 %
Questionnaire too long	12	3 %
Total	402	100 %

Jobber and Saunders (1993) emphasise that for the large top 500 companies as ranked in the Times or Fortune the questionnaire crises is particularly acute because so many researchers rely on these lists. But since the testing of the propositions of this thesis required a large sample the approach was chosen.

4.10 ASSESS RELIABILITY

After having received the data for this research through the responses of the mail survey it is of interest to the researcher to assess the reliability of the received data. In other words the researcher has to evaluate "whether the same result is obtained when a measure is repeated, in a different context, fashion or time." (Douglas and Craig, 1983, page 236). Hence "reliability can broadly described as the degree to which measures are free from error and therefore yield consistent results" (Peter, 1979, page 6). Davis et al (1981, page 98) stress the importance of reliability issues especially with regard to cross-national studies because "the discovery of country by country differences provides the basis for developing separate localised marketing strategies while the absence of such differences bolsters the case for standardised marketing programmes". As described by Churchill (1979), Parameswaran et al (1979) and Peter (1979) there are different methods to estimate reliability which are partly based on different assumptions. Among those the most frequently reported techniques are the test-retest technique, alternative techniques and the internal consistency. The test-retest technique aims to estimate reliability by applying an identical measure a second time and under - ideally - the same circumstances. Since there is a small likelihood of being able to generate equal conditions over time Churchill (1979, page 70) states that "test-retest reliability should not be used". While acknowledging the related difficulties of this technique Peter (1979)

nevertheless states that this method can provide useful information about the stability of a measure. Alternative techniques to estimate reliability are utilised by measuring the same subjects with two different scales at two different times. Although the two scales used are similar in content they differ to a certain extent in order to ensure that the first measurement will not greatly affect remeasurement. Then the results of the measurements are correlated in order to receive a reliability coefficient which assesses the equivalence of the content of the measured items (Peter, 1979).

Nunnally (1979) points out a major problem associated with this method. It is the generation of substantially equivalent measures and the proof that the two measures used are in fact equivalent in content. For these reasons the literature (e.g. Nunnally, 1979, Peter, 1979) consider the use of Cronbach's Coefficient Alpha as preferable to alternative techniques. The relevant aspects regarding the internal consistency have already been mentioned in the context of the domain sampling model and the discussion of Cronbach's Alpha Coefficient (Cronbach, 1951).

The Cronbach Alpha Coefficient is considered superior to the internal consistency technique because its basic form of splitting half the item scores of obtained data from a scale and then correlating the resulting half scores is problematic (Peter, 1979): Different results are obtained depending on how the items are split. As Churchill (1979)

demonstrates in this context there are 126 possible splits even if the researcher is just assessing ten items. Since each of the possible splits is likely to generate a different coefficient it is difficult to make any assumptions about what the correct split-half reliability is.

Therefore, Cronbach's Alpha can be considered as the most appropriate way to estimate reliability (Churchill, 1979, Nunnally, 1967, Parameswaran, 1979, Peter, 1979). In this study alpha coefficients were calculated for each of the scale components and the summary of the results is shown in the table 4.3.

Table 4.3: Results of Reliability Analysis on the Variables of this Study

Variables	Measure	Cronbach Alpha
Product	A 9-item measure	.87
Pricing	A 8-item measure	.89
Distribution	A 6-item measure	.86
Promotion	A 15-item measure	.91
Marketing management process	A 14-item measure	.92
External factors		
Customer characteristics	A 10-item measure	.86
Economic factors in the host mkt	A 6-item measure	.87
Socio-cultural characteristics	A 8-item measure	.89
Target customer characteristics	A 4-item measure	.82
Product/service positioning	A 5-item measure	.81
Political environment	A 7-item measure	.87
Physical environment	A 5-item measure	.88
Legal environment	A 11-item measure	.95
Marketing infrastructure	A 12-item measure	.91
Internal factors		
Delegation of authority with regard to nature of organisation	A 2-item measure	.83
Delegation of decision-making authority	A 14-item measure	.92
Performance factors		
Performance (in the home market)	A 5-item measure	.81
Performance (world-wide)	A 5-item measure	.93
Performance with regard to companies' objectives	A 6-item measure	.92
Performance comparison with competitors	A 6-item measure	.93

As the table shows, all of these alpha coefficients exceeded 0.80,

therefore the further analyses seem to be worthy.

4.11 ASSESS VALIDITY

When assessing validity the researcher differentiates between the validity of the content and the construct validity which has several sub-components.

4.11.1 CONTENT VALIDITY

In order to assess the quality of measures further not only the reliability is used but also the validity. While the reliability aims at verifying that the measures yield consistent, error free results, the validity - according to Nicholas et al (1985, page 30) - verifies "that the various items measure what they are designed to measure (content validity)". Churchill (1979, page 65) states in this context that "a measure is valid when the differences in observed scores reflect true differences on the characteristic one is attempting to measure and nothing else." This notion takes into account that an observed score (X_o) is based on the object's real or true score (X_t), a systematic error (X_s) and a random error (X_r). This relationship can be expressed as

$$X_o = X_t + X_s + X_r$$

While a large amount of random errors (e.g. the mood of a person)

affect the reliability of a measure in the way that it does make the measure unreliable the systematic errors (e.g. a person's willingness to express its true feelings) could be present without reducing reliability which hence would remain a reliable measure. Therefore it is argued "that reliability is a necessary but not sufficient condition for validity"(Peter and Churchill, 1986, page 4). Not every possible item can be included in a measurement. Thus the researcher must define precisely the utilised variables in order to ensure that they are representative with regard to the total sample with all its different dimensions.

4.11.2 CONSTRUCT VALIDITY

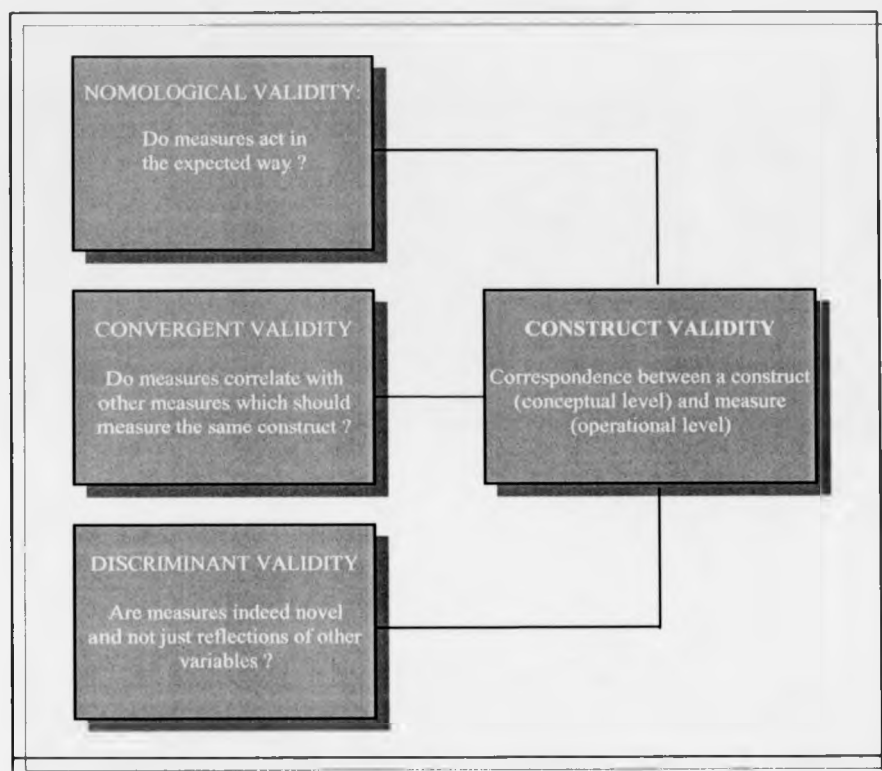
Churchill (1979) states that while the above procedures should result in a measure, which is reliable and valid it does not necessarily mean that the measure has construct reliability. Peter (1981) states that construct reliability refers to the correspondence between a construct (a conceptual level) and a measure (an operational level) which ideally fulfils two conditions: the construct-valid measure does not "underidentify the construct by omitting unique characteristics and it "does not contain surplus characteristics that contaminate it" (Peter and Churchill, 1986, page 2).

Furthermore, Churchill (1979) stresses that researchers must define the extent to which the measure correlates with other measures designed

to measure the same thing and whether the measure acts in the expected way. In order to measure the latter aspect Peter and Churchill (1986) refer to nomological validity which assesses the conceptual relationships between different constructs as well as taking the empirical relationships of different measures into consideration.

Churchill (1979) also stresses the importance of the extent to which the measure correlates with other measures designed to measure the same thing. In this context Peter (1981) refers to the utilisation of convergent validity. By applying convergent validity the researcher examines the correlation between responses which were generated by the use of methods which are extremely different while measuring the same construct. Furthermore, Churchill (1979, page 70) suggests that measures also should have discriminant validity which represents the extent to which a measure "is indeed novel and not simply a reflection of some other variable". The following figure (figure 4.3) illustrates the key aspects of construct validity based on Peter and Churchill (1986).

Figure 4.3: Key Aspects of Construct Validity



Construct validity investigates the relationships between the measure concerned and measures of other concepts/characteristics within a theoretical framework. Nomological validity examines the relationships between measures of different concepts that are theoretically related. Discriminant validity examines the relationships between measures of different concepts that are theoretically unrelated. Convergent validity examines the relationships between measures of the same concept generated by different methods (Dimantopoulos and Schlegelmilch, 1997).

4.12 MEASURING THE DEGREE OF STANDARDISATION

To properly address the subject of measuring the degree of standardisation it was necessary to define the measurement which consists of "rules for assigning numbers to objects in such a way as to represent quantities of attributes" (Nunnally, 1978, page 3). The process of measuring attitudes objectively is often called scaling (Boyd et al, 1989) and a number of useful scales have been generated. There are nominal, ordinal, interval and ratio scales (Churchill, 1983).

While the numbers of a nominal scale simply identify the assigned attribute (e.g. 1=male, 2=female) a ordinal scale serves "to rank a respondents according to an order" (Boyd et al, 1989). More powerful measures than those two mentioned are presented in ratio and interval scales. Ratio scales are very similar to interval scales but possess an absolute zero and thus allow comparisons of absolute magnitude while in the case of an interval scale (e.g. temperature scales) the zero point is set arbitrarily (Churchill, 1983). Interval scales separate items by rank order and measure the distance between the rank positions in equal units (Boyd et al, 1989).

Douglas and Craig (1983, page 196) state in the context of scales that "a five- or seven-point scale is ordinarily used". Although a seven-point scale might increase the possible variety in answers, a five-point

scale which brought a relatively convergent result would be more suitable for this study. Therefore the numeric five-point scale with descriptive anchors was used to evaluate the responses in which aspects considered as highly similar were rated "1" while factors which the respondents consider as highly different were rated "5".

In order to assess the degree of marketing strategy standardisation the respondents were asked to evaluate the degree of similarity in marketing mix and marketing process activities between their headquarters and their operation abroad. The evaluations were made with regard to the host market that the respondent was most familiar with (with respect to the respondent's overseas operation). Allowing the respondents to choose their "most familiar" host market and thus using self-selection (a type of free-response questions) offers some advantages to the researcher, such as

- Permit the researcher to obtain responses that were unanticipated,
- May elicit more closely the real views of the respondent (Luck and Rubin, 1987).

In the case of this study, the answers obtained from the self-selection would elicit information more closely to the real situation of their chosen host market. However, this self-selection may be very expensive and time consuming to code, to tabulate and to analyse since the answers may be more divergent than close-ended questions.

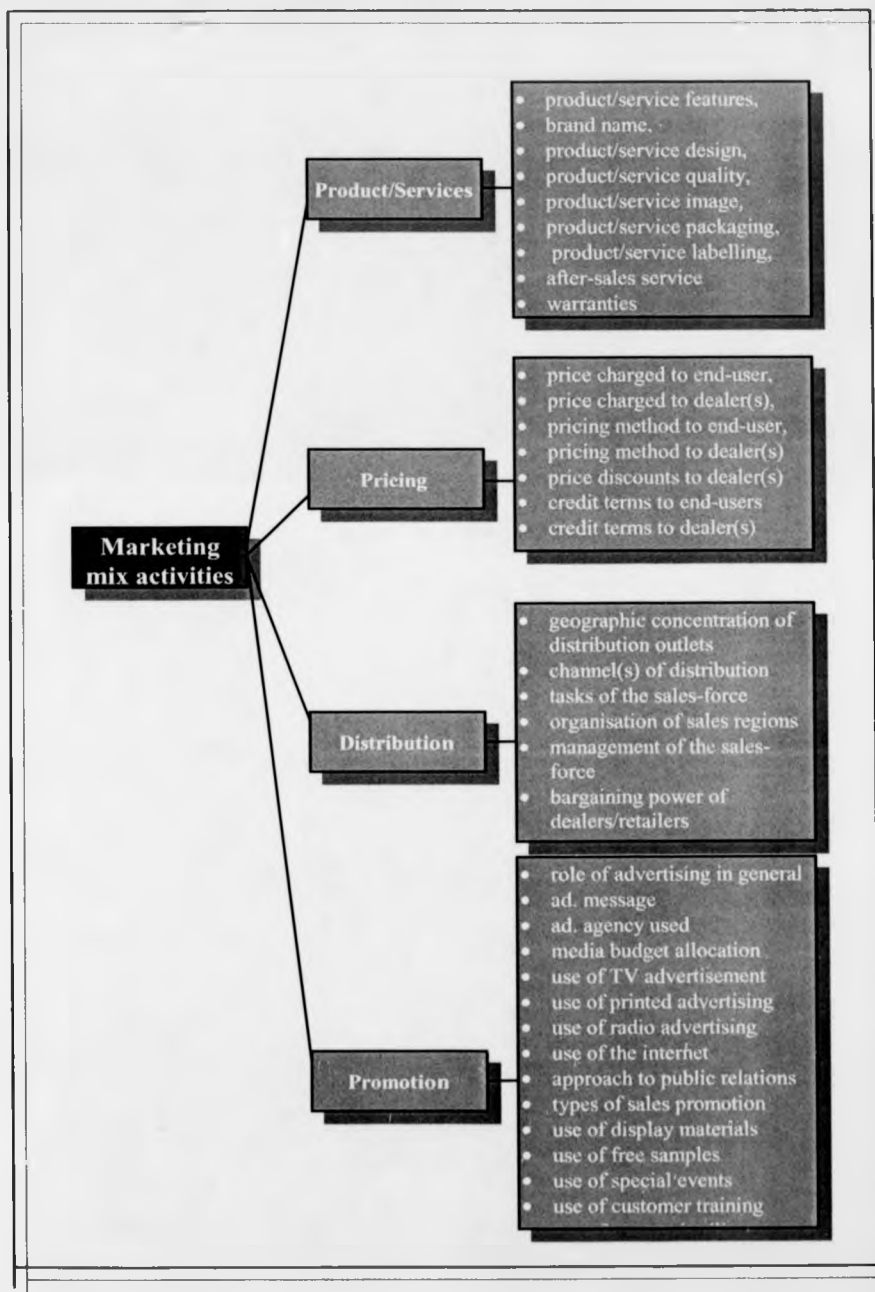
The list of the marketing mix activities as well as the ones concerned with the internal marketing process was based on relevant previous literature (e.g. Akaah, 1991, Pride and Ferrell, 1989, Sorenson and Wiechmann, 1975).

Based on the literature review and the interviews with the executives the four major marketing mix elements of the marketing mix variables used 38 items in total, the marketing process was examined through 19 items. Based on the extensive review of the relevant literature on marketing standardisation the marketing mix activities were classified as product design, product positioning, brand name, packaging, retail price, basic advertising message, creative expression, sales promotion, media allocation, role of sales force, management of sales force, role of middlemen, type of retail outlets and customer service (e.g. Quelch and Hoff, 1986, Sorenson and Wiechmann, 1975, Wind and Douglas, 1986).

Jain (1989) stresses that advertising has been examined more detailed and more often than most other elements of the marketing mix and suggests that future research should explore the standardisation of the other aspects of the marketing mix activities with a comparable intensity. In this study, therefore, the dimension product/services is split into nine sub-components leading to the construct of nine variables which were used to measure the product/services activities.

Eight variables are used to measure pricing activities, six variables are used to measure distribution activities. The importance of the advertising elements was considered by measuring it with fifteen sub-components. Figure 4.4 illustrates the variables used.

Figure 4.4: Variables used for the Measurement of the Marketing Mix



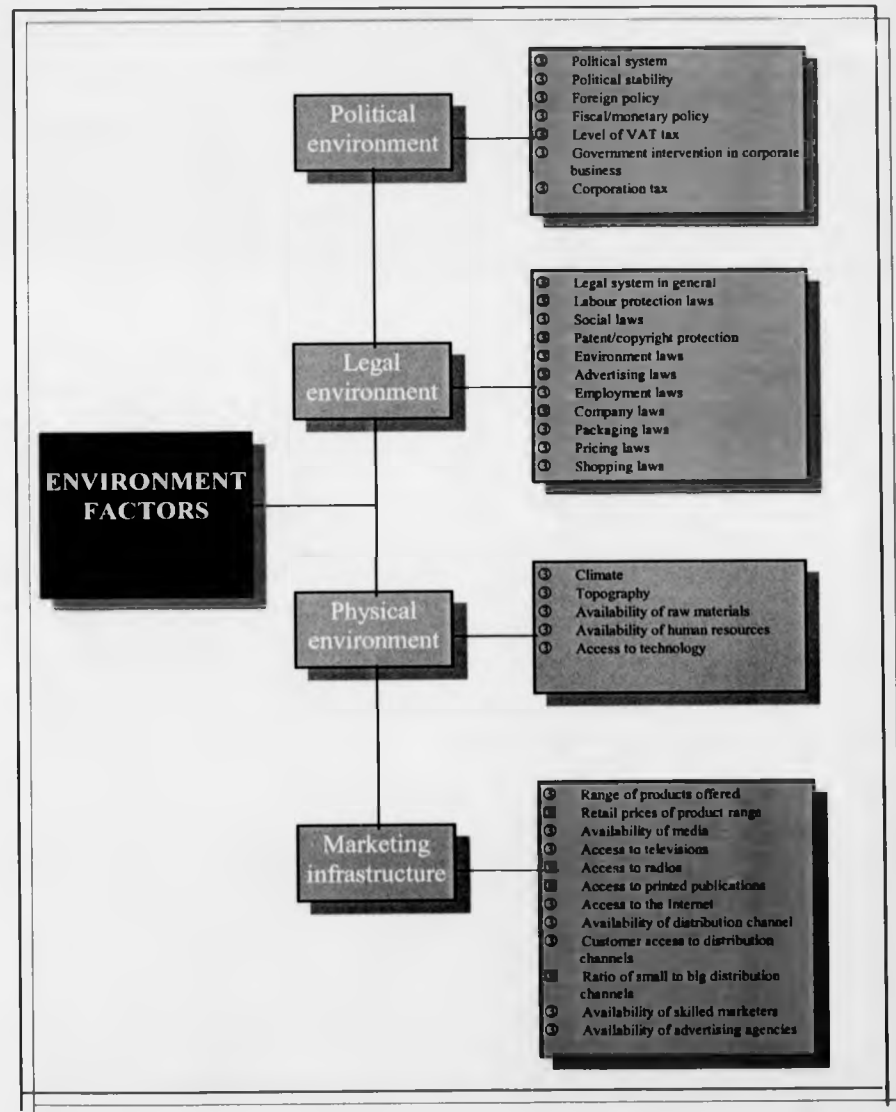
Furthermore, the respondents evaluated the similarity between their home market and their chosen host country. The country dimension was assessed through 16 characteristics relating to the target market (10 regarding the customers, six regarding the economic aspects) and 12 characteristics which considered the market position aspect (eight relating to socio-cultural aspects, three for competition, one for the market life cycle). In addition to that, six characteristics were concerned with the nature of the product (of which five were related to positioning, one to the differentiation between consumer/industrial goods) while 35 characteristics comprised the various aspects of the environment (political, legal and physical environment, marketing infrastructure).

Environmental factors refers to physical, legal and political factors as well as the marketing infrastructure. Related aspects such as the media availability, the retail structure of a market (Akaah, 1991) have an impact in this context as well as the role of the government. With regard to these aspects Jain (1989) states that a standardisation of the marketing programme is more likely in the case that the environmental aspects in the host country are rather similar to the ones in the home market.

Seven variables were used to measure the factor "political environment", eleven for the factor "legal environment", five for the factor "physical environment" and twelve for the factor "marketing

infrastructure". All characteristics were chosen on the basis of comparable key studies as summarised in chapter 3 (table 3.10). The variables for each environmental factor are illustrated in Figure 4.5.

Figure 4.5: Variables of the Environmental Factors



To measure the degree of relationship between standardisation and environmental factors, multiple correlation analysis was employed.

The preceding discussion explores the external imperatives that affect standardisation. The internal dimension was examined through 19 items which referred to the concerned aspects.

The aspects of the corporate orientation refers to the managerial orientation towards the environment of foreign markets as well as the managerial capability of considering foreign perspectives. A multiple choice question was used to ask the respondents about the type of their companies' orientation. The proposition is tested by T - test analysis and ANOVA to compare and to explore two groups of firms with different orientations (i.e. geocentric/regiocentric orientation versus ethnocentric/polycentric orientation) (e.g. Meffert and Bolz, 1995, Bolz, 1992). Another organisational factor that influences standardisation of marketing standardisation strategy are the headquarters-subsidary relationships. A T- test analysis is employed to test the proposition.

The final organisational factor that influences the standardisation of marketing strategy is the extent to which decision-making authority is delegated to the overseas subsidiaries. Rutigliano (1986) considered the central control of world-wide operations a necessary requirement for achieving a high level of standardisation while Kashani (1989,

1990) differentiates between the authority of central control and the rigid implementation of standardisation. In this study the controlling interest was measured by three factors: controlling marketing performance, the degree of control in chosen overseas and the degree of centralisation of the companies. The controlling of the marketing performance was measured by five extents: set by headquarters, set primary by headquarters, responsibility equally shared between headquarters/overseas operation, set primarily by overseas operation and set by overseas operation. These aspects are tested by applying correlation analysis.

The respondents also provided their evaluations of the performance of their companies in their home, in their chosen host market and world-wide. The evaluation of the company's performance in the home market and world-wide comprised financial as well as market measures as applied in the literature (Kotabe, 1990, Shaw and Wong, 1995). The evaluation included five aspects (market share, turnover, net profit, return on investment, customer satisfaction) which the respondents were asked to evaluate with regard to a period of three years. In addition the respondents ticked the box for indicating their actual market share in the home market and their market position in terms of whether their company is in a market leading, in a challenging, average or weak market position (e.g. Bolz, 1992).

Jain (1989) stresses that the decision on standardisation should be

based on economic payoff, which includes financial performance, competitive advantage, and other aspects. The concern for a financial advantage has been expressed for a long time (e.g. Buzzell, 1968) and most of the literature has emphasised scale effects that transcend national boundaries and provide cost advantages to companies selling to the world market (e.g. Hout et al, 1982, Rutenberg, 1982, Levitt, 1983, and Henzler and Rall, 1986). The findings regarding standardisation and marketing standardisation are mixed and therefore require further investigation (e.g. Shoham, 1995).

Based on the relevant literature (e.g. Blaine, 1994, Lee and Blevins, 1990, Geringer et al, 1989, Hansen et al, 1989) financial performance was measured by typical variables such as market share, turnover, net profit and return on investment (ROI). The proposition relating to these indicators is tested by multiple correlation analysis to measure the degree of relationship between standardisation and financial performance. However, Venkatraman and Ramanujam (1986) argue that performance is not defined as financial performance only, it may be operationalised in other aspects, too. Customer satisfaction is one of factors which are commonly used (e.g. Gosling, 1988, Whitt and Whitt, 1988).

As mentioned above some of the performance indicators were answered by the participants by ticking boxes. The tick-box questions list a number of answers and permits the range to select the answer that best approximates their own estimation. This approach has the

same advantages as multiple-choice questions (Luck and Rubin, 1987, page 189):

- 1) Overcome many of the problems of the open-ended questions
- 2) Assure that the respondents will answer on the same dimension
- 3) Are less demanding on the interviewer to administer
- 4) Are easier to edit, to tabulate, and to analyse

The design of the tick boxes exactly meets the need of this study to get information about respondents' market share to process and analyse the data. With regard to the evaluation of the performance in the host market the questions addressing the actual market share and the market position were identical to the ones asked in the home market context.

But to the five financial and market measures utilised above another one, sales growth, was added to make the measure even more complete (Bolz, 1992, Meffert and Bolz, 1995). In this context the respondents were also asked to evaluate these six aspects in terms of the company's objectives as well as with regard to their competitors. At the operational level some preliminary statistical analysis as frequency and cross-tabulations were conducted at this stage to observe the degree of marketing standardisation.

4.13 TESTING OF THE PROPOSITIONS

Proposition testing can be defined as "a procedure based on sample evidence and probability theory used to determine whether the proposition is a reasonable statement and should not be rejected, or is unreasonable and should be rejected" (Mason and Lind, 1990, page 357). Thus it is the aim of this procedure to reject or to accept explanations of relationships which the researcher assumes within a known degree of certainty. Churchill (1983) states that a simple fact underlies the statistical test of a proposition: "A null hypothesis may be rejected, but can never be accepted except tentatively since further evidence may prove it wrong. In other words, one "rejects" the null hypothesis (and accepts the alternative hypothesis) or "does not reject" the null hypothesis on the basis of the evidence at hand.

In this study the propositions are primarily formulated by operationalising the different aspects of the conceptual framework of Jain (1989) and comprise each component of the external and internal dimension.

4.13.1 DATA ANALYSIS

The statistical techniques of the summated scales, the simple and multiple correlation analysis, the T-test analysis and one-way ANOVA are utilised in order to test the propositions of this study. To reduce the

number of variables for the subsequent analyses the summated scales were calculated if necessary in the second step to replace the larger numbers of original variables which measured the concept. In the final step the simple/multiple correlation analysis were used to test the propositions by examining the relationships between the criterion variable and the predictor variable(s). Meanwhile the T-test analysis and the one-way ANOVA analysis were utilised to test the other propositions by making comparison between/among groups on a particular characteristics (of the criterion variable).

4.13.2 SUMMATED SCALES

In many studies the analysts are interested in creating an entirely new and smaller set of composite variables to replace the original set, when the number of original data is large. According to the literature (e.g. Hair, 1995, Hooley and Hussey, 1995) there are primarily three alternatives:

- factor scores,
- surrogate variables and
- summated scales.

Factor scores have the advantage of representing a composite of all variables loading on the factor, whereas surrogate variables represent only a single variable. However, factor scores have the disadvantage

that they are based on correlation with all the variables in the factor. The scores are only approximations of the factors because these correlations are likely to be much less than 1.0. The single surrogate variable is interpretable but does not represent all the facets of the factor. In this respect the summated scale is a compromise (e.g. Hooley and Hussey, 1995, Hair et al. 1995).

The original attempt of developing the summated scale is to increase the reliability of the measurement by combining several variables that measure the same concept into a single variable. In most instances, the variables are summed and the total or its average is used in the analysis. The objective is to avoid using only a single variable to represent a concept, and instead use several variables as indicators, all representing differing facets of the concept to obtain a more "well-rounded" perspective (e.g. Hair et al, 1995).

Hair et al (1995) stress that the use of multiple indicators allows the researcher to more precisely specify the responses desired and does not place total reliance on a single response but instead on the "average" or "typical" response to a set of related responses. However, the summated scale is probably the best alternative, compared with factor scores and surrogate variables, only if the scale is a well-constructed, valid, and reliable instrument. Therefore, assessing reliability and incorporating scales in the analysis are methods any researcher must employ.

The summated score is used in this study for the further analyses, whenever necessary, for two reasons: Each variable under a single question of the questionnaire in this study was designed to measure the underlying concept with other variables under the same question. In this case the factor analysis, the common-used statistical technique, is not proper for this study to reduce the large number of original data (e.g. Hair et al, 1995, Curwin and Slater, 1996, Huntsberger et al, 1980).

Therefore, the factor score is not used in this study, but the summated score:

1. The result of the reliability analysis as illustrated before shows that all alpha coefficients of the variables used in this study exceeded 0.80. This supports the use of the summated scales for this study since the scale is well-constructed and reliable instrument.

Therefore, the variables under the same question (which are related to the same concept) are summed and the total or average are used for the analyses to condense the information (e.g. Diamantopoulos and Schlegelmilch, 1997).

4.13.3

**SIMPLE CORRELATION AND
REGRESSION ANALYSIS**

One of the main purposes for the study is to investigate whether there is a significant relationship between independent variables and the dependent variable. As criterion variables the categories of the marketing programme, product, price, promotion and distribution serve as well as the marketing process when it is investigated. The particular predictor variables vary with regard to the specific propositions but always represent the contingency factors of marketing standardisation in this study. The concept of correlation is a suitable technique for this study to serve this purpose. The correlation is the measurement of the degree to which changes in one intervally scaled variable are associated with changes in another intervally scaled variable (e.g. Curwin and Slater, 1996, Hair et al, 1995, Wonnacott and Wonnacott, 1990). Here the simple correlation measurement (when the dependent variable is related to a single independent variable) is at first described briefly. Then multiple correlation analysis which also is of importance in this study is discussed in the following section.

A summary value is used to express the degree of association between variables and the type of central value is called the correlation coefficient. In the discussion here the correlation coefficient is a measure of the linear relationship between the two interval variables.

According to the literature (e.g. Curwin and Slater, 1996, Huntsberger et al, 1980, Parsons, 1974) it is based on the difference between the observed values of each variable and its arithmetic mean. It is computed as follows (e.g. Wonnacott and Wonnacott, 1990, page 477):

$$r = \frac{\sum xy}{\sqrt{(\sum x^2)(\sum y^2)}}$$

where x = deviation of each case from the mean \bar{X}

y = deviation of each case from the mean \bar{Y}

$\sum xy$ = value of covariation

$\sum x^2$ = square of each x deviation

$\sum y^2$ = square of each y deviation

According to Luck and Rubin (1987) a relationship is said to be strong if the correlation coefficient, r , is larger than .8. If r is calculated to be between .4 and .8 there is a moderate-to-strong relationship between the variables and if r is less than .4, the relationship is said to be a weak one (Luck and Rubin, 1987, page 513). The signs (+ or -) are also useful in this study to indicate the direction of the relationship.

4.13.4 MULTIPLE CORRELATION AND REGRESSION ANALYSIS

Simple correlation and regression as discussed before were concerned with the linear relationship of two intervally scaled variables. The use of only one independent variable, however, ignores the potential relationship of other variables to the dependent variable. Therefore, in this study, multiple linear correlation and regression analysis are used to measure the association between the dependent variable and more than one independent variable (e.g. Hooley and Hussey, 1995, Curwin and Slater, 1996, Huntsberger et al, 1980, Parsons, 1974).

While a cross-tabulation analysis just indicates whether or not a strong relationship exists between two categorical variables it does not give any exact description about the exact shape of the relationship between the variables. Boyd et al (1989, page 564) highlight in this context that "because of the mathematical equations involved, the results from correlation and regression analysis are judged to be

- more accurate representations of the relationships between (continuous) variables and
- more objectively arrived at than similar results from cross-tabulations."

Authors like Huntsberger et al (1980, page 372) state that in a simple linear regression the dependent variable is assumed to be dependent on a single independent variable as described in its general form as

$$Y' = a + bX$$

where:

Y' is the predicted value of the Y variable for a selected X value

a is the estimated value of Y when $X = 0$ (the Y-intercept)

b is the average change in Y' for each change of one unit in the independent variable X (the slope of the line)

X is any value of the selected independent variable

In the case of multiple regression - when two or more independent variables are used in a linear regression analysis - the above equation is just extended to include additional independent variables. According to the literature (e.g. Mason and Lind, 1990, Boyd et al, 1989) the general form of the multiple regression equation can be formulated as:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_nX_n$$

where Y' is the dependent variable and X_1, X_2, \dots are independent variables. The coefficients b_2, b_3, \dots are additional coefficients associated with the independent variables X_2, X_3, \dots .

Multiple linear correlation analysis which includes the influence of more than one independent variable on the one dependent variable, has been developed, while the partial correlations measure how Y is related to each of the regressors one by one. The multiple correlation R measures how Y is related to all the regressors at once (Wonnacott and Wonnacott, 1990, page 496). The multiple correlation R is defined as the ordinary, simple correlation between these fitted \hat{Y} values and the observed Y values. That is

$$R \equiv r_{\hat{Y}Y}$$

A value of the correlation coefficient R which is 0 indicates that there is no relationship. Values of R which are near 1 illustrate a strong correlation, an R of 1.00 means perfect correlation and the nearer a value gets to 0 the weaker the correlation. Both, correlation analysis and regression analysis, are statistical techniques for measuring the relationship between two or more interval variables once. However, whereas correlation analysis was concerned with the strength of a relationship, regression analysis identifies the relationship between variables in the form of an equation in which researchers can predict one variable (dependent) on the basis of other (independent) variables (e.g. Hair et al, 1995, Hooley and Hussey, 1995, Wonnacott and Wonnacott, 1990).

Douglas and Craig (1983) also stress that regression analysis is a robust statistical technique and that it is also important in international marketing but Boyd et al (1989) and Hair et al (1995) emphasise that certain requirements have to be met before the researcher can apply this technique:

- 1) The independent and dependent variables with values have to be decided before the regression analysis is conducted.
- 2) The independent and dependent variables should have been measured on an interval scale and should be continuous in nature. The data can also be metric whereas binary variables as well as dummy-coded binary variables are also acceptable.

Moreover, there are certain assumptions underlying the calculation of the regression analysis which have to be taken into account to make sure that the obtained results of the regression analysis are correct. According to the literature (e.g. Boyd et al, 1989, Hair et al, 1995, Mason and Lind, 1990, Tabachnik and Fidell, 1983) these assumptions are:

- 1) Linearity

A potential problem area with regard to this technique is that the relationship between the independent variables and the dependent

variable is not linear, or that there is an unusual shape which cannot be analysed with regression techniques. In order to test whether the relationship under study is linear the researcher can inspect the overall shape of a scatterplot of predicted values against residual values (e.g. Mason and Lind, 1990, Boyd et al, 1989, Hair et al, 1987).

2) Normality

Another basic assumption underlying regression analysis is that the residuals are distributed in a normal and independent way. In order to assess the assumption of normality the researcher can investigate the normal probability plot of the residuals. In the case of normality the observed distribution of the residuals is illustrated through a straight line in the plot (e.g. Speed, 1995, Mason and Lind, 1990, Hair et al, 1987).

3) No Multicollinearity

Another potential threat to regression analysis is that the independent variables are strongly correlated with each other. The interdependency between variables (Multicollinearity) can lead to incorrect estimations of the regression coefficients which can also result in wrong coefficient signs. If two independent variables are highly correlated a correct calculation of the regression coefficient is not possible (e.g. Mason and Perreault, 1991, Speed, 1995, Stewart, 1987, Norusis, 1985).

4) Case-To-Variable Ratio

The sample size of the collected data has to be sufficiently large to obtain adequate results from regression analysis. A case-to-variable ratio of 20:1 or more represents ideal conditions. As the smallest tolerable ratio one considers a case-to-variable ratio of 5:1. A ratio smaller than this will generate invalid solution (e.g. Tabachnik and Fidell, 1993, Mason and Lind, 1990, Huntsberger et al, 1980).

5) Homoscedasticity

The assumption of homoscedasticity requires that the variance of residuals remains constant for all the values of independent variables or predicted values. Since heteroscedastic data present the decreasing or increasing variance the researcher can check the homoscedasticity by plotting the residuals against the predicted values (e.g. Speed, 1995, Norusis, 1985, Morrison, 1969).

For the purpose of this study and with regard to its aim of evaluating the relationships a multiple regression analysis was conducted by utilising the computer package SPSS. As in similar studies (e.g. Akaah, 1991) the dependent variable was the absolute measurement of the marketing mix standardisation while the independent variables comprised the component scores of internal organisational and external country factors as well as the marketing performance of the companies.

4.13.5 T-TEST ANALYSIS

The two-sample T-Test technique is used to investigate propositions in this study to compare the means of two groups. The two-sample *t*-test, a special case of ANOVA, is employed to assess the statistical significance of the difference between two independent sample means (e.g. Diamantopoulos and Schlegelmilch, 1997, Kanji, 1993, Wonnacott and Wonnacott, 1990).

To determine whether two groups are viewed differently on a variable, a *t* statistic is calculated. The *t* statistic is the ratio of the difference between the sample means to its standard error (e.g. an estimate of the difference between means ($\mu_1 - \mu_2$) to be expected because of sampling error, rather than real differences between means). By forming the ratio of the actual difference between the means to the difference expected due to sampling error, one quantifies the amount of the actual impact of the treatment that is due to random sampling error (e.g. Mason and Lind, 1990, Boyd et al, 1989, Huntsberger et al, 1980).

In this circumstance, the null hypothesis tested by the two-sample *t*-test is that the two population means are equal (i.e. $H_0: \mu_1 = \mu_2$), the alternative hypothesis being that the means are not equal ($H_1: \mu_1 \neq \mu_2$). Absolute values of the *t* statistic that exceed the critical value of the *t* statistic lead to rejection of the null hypothesis of no difference in the

appeals of the tested variable between two groups. This means that the actual difference due to the appeals is statistically larger than the difference expected from sampling error (Hair et al., 1995, Mason and Lind, 1990, Wonnacott and Wonnacott, 1990).

4.13.6 ONE-WAY ANOVA

The literature (e.g. Kanji, 1993, Wonnacott and Wonnacott, 1990) suggests to investigate the equality of group's means very carefully. In this study a case one-way analysis of variance (one-way ANOVA) is utilised to test the significance of the difference among several means because it is commonly used test (e.g. Hair et al, 1995, Kanji, 1993, Luck and Rubin, 1987).

The null hypothesis of "no difference" in the population means is $H_0 = \mu_1 = \mu_2 = \mu_3 = \dots = \mu_k$ (i.e. k groups have equal means in the population ($k \geq 3$); the alternative hypothesis is that at least one mean is different from the others. The test of the null hypothesis requires a measure of the degree to which the sample means differ, and therefore the variance is calculated. The ANOVA test calls for the experimentally different samples to be partitioned into two distinct parts, the equality tested is usually called the partition sum of squares. The values termed sum of the squared deviations are calculated rather than the sample variance themselves (e.g. Kanji, 1993, Wonnacott and Wonnacott, 1990, Huntsberger et al, 1980, Parsons, 1974).

The meaning of the partition of the sum of squared deviations into two parts is the essence of the ANOVA test. An individual's score in any sample can differ from another's. These differences observed can be attributed to two sources (e.g. Kanji, 1993, Wonnacott and Wonnacott, 1990, Luck and Rubin, 1987).

1. Some individuals are in different treatment groups and their differences could be due to different treatments. The measure termed sum of squares between groups (MS_B) reflects the contribution of different treatments to intergroup differences.
2. Individuals in the same treatment groups can differ because of chance variation or individual differences, for each individual within the group receives exactly the same experimental treatment. The sum of squares within groups (MS_W) reflects the intragroup difference.

As discussed above, MS_W and MS_B represent independent estimates of the population variance. If the null hypothesis is true (i.e. there are no differences between the means in the treatment populations), the variability within each of the treatment groups should be about the same as the variability between the treatment groups. On the other hand, if the null hypothesis is not true, the variance between the groups is expected to be higher than the variance within the groups. Therefore, the ratio of MS_B to MS_W is used to measure how much variance is

attributable to the difference treatment versus the variance expected from random sampling. This ratio is expressed as an F ratio:

$$\frac{\text{between-groups mean square (MS}_B\text{)}}{\text{within-groups mean square (MS}_w\text{)}}$$

To interpret this F ratio, if the computed F ratio is greater than the theoretical F ratio from the F table, the null hypothesis is rejected, which means that the differences among the means are significant. If the computed F ratio is less than the critical F value, the null hypothesis is accepted, which means that the differences among the means is not significant (e.g.). In this case, the F-ratio is expected to be close to 1 (e.g. Hair et al., 1995, Mason and Lind, 1990, Wonnacott and Wonnacott, 1990, Luck and Rubin, 1987).

4.13.7 POST-ANOVA ANALYSIS

The ANOVA only provides answers as to whether there is a significant difference in the treatment effects under study since the alternative hypothesis does not indicate which groups may differ. It only shows that the groups are not all the same. If it is found that the ANOVA has no difference in the treatment effects the analysis ends at this point. However, if the question of significance is answered, then additional analysis is necessary to identify where the identified differences exist. Many procedures are available for further

investigation of specific group mean differences of interest, all of which can be classified as either a priori or post hoc (e.g. Kanji, 1993, Wonnacott and Wonnacott, 1990, Luck and Rubin, 1987). Among the more common post hoc procedures are

- Scheffe's test,
- Tukey's honestly significantly difference (HSD) method,
- Tukey's extension of the Fisher least significant difference (LSD) approach,
- Duncan's multiple-range test, and
- the Newman-Kuels test.

Each method identifies which comparisons among groups (e.g. group 1 versus groups 2 and 3) have significant differences. The advantage of the tests is that they provide the analyst with tests of each combination of groups. However the disadvantage of the post hoc tests is that the power of any individual test is rather low because the tests must examine all possible combinations (e.g. Hair et al, 1995, Mason and Lind, 1990, Boyd et al, 1989).

Hair et al (1995) suggest that the Scheffe's test is concluded as the most conservative with respect to Type I error (which occurs if the analyst rejects the null hypothesis when it should be accepted, that is, concluding that two means are significantly different when in fact they are the same). The remaining tests are ranked in this order: Tukey HSD, Tukey LSD, Newman-Kuels, and Duncan.

The other alternative to make comparison between groups is using a priori or planned comparison. This method is similar to the post hoc methods but differs in that the analyst specifies which group comparisons are to be made in the planned comparisons versus testing the entire set, as done in the post hoc tests. The planned comparisons are more powerful because the number of comparisons are fewer, but more power is of little use if the analyst does not specifically test for "correct" group comparisons (e.g. Mason and Lind, 1990, Wonnacott and Wonnacott, 1990).

The post hoc method is used in this study to identify the group differences. For example, in this study the F statistics for the promotion policy of the marketing mix yielded implied that there were a significant difference between the tested groups in terms of market share.

Others statistical tests failed to indicate that the German companies which enjoy the highest possible market share in this study (of more than 50%) in their chosen host market are significantly more likely to adapt their promotion activities to a higher degree than the firms with a market share between 41-50 %. The planned comparison is not appropriate for this study since it is nearly impossible to identify "correct" groups for comparison and it is not worth taking the risk of comparing wrong groups (e.g. Hair et al, 1995, Kanji, 1993, Mason

and Lind, 1990, Wonnacott and Wonnacott, 1990).

4.14 CONCLUSIONS

In this chapter the research design and methodology of this study have been discussed as well as the choice of the research method and the operationalisation of the variables included in this study have been presented. This part includes detailed information on the sample size, sampling procedure, response rates, the research instrument and the way the propositions were measured. Secondly, the useful statistical techniques for this study are described. The next chapter will test empirically the propositions by means of the sample discussed in this chapter.

CHAPTER FIVE

**RESULTS AND DISCUSSION :
MARKETING
STANDARDISATION**

CHAPTER FIVE RESULTS AND DISCUSSION: MARKETING STANDARDISATION

5.1 INTRODUCTION

The major task of this chapter is to present the empirical findings with regard to the sample of the German companies. In the first section the characteristics of the top 500 German companies are examined. The second section discusses the degree of marketing standardisation. Subsequently, the propositions which relate to the different dimensions of the marketing programme are tested in the third section.

5.2 CHARACTERISTICS OF THE RESPONDING COMPANIES AND NON-RESPONSE BIAS

In total 86 usable questionnaires were returned from Germany which represents a response rate of 17.2%. The overall response rate of this study (19.6%) compares even more favourably with most of other studies aimed at a comparable population. As described in chapter four most of studies had response rates between 6% and 16% (Wolf, 1994, Shiphandler et al, 1994).

The responding companies primarily operate in markets of consumer goods (65.1 %) while enterprises which are active in markets of industrial goods represent 34.9 % of the respondents. The specific response rates by industry, company size and type of company are exhibited in table 5.1. The response rates were calculated by dividing the number of positive responses to both the first mailing and the reminder by the number of deliverable questionnaires as it has become customary (Murray et al, 1995, Kopp, 1994, Jobber et al, 1991).

A Kruskal-Wallis test was utilised to see whether response rates differ significantly among industries, different company size and company type. The responses rates do not differ significantly among industries (chi-square 10.00, sig. 0.441), different company size (chi-square 5.00, sig. 0.416) and type of company (chi-square 4.00, sig. 0.406).

5.2.1 INDUSTRY

With regard to industry, engineering, electrical, electronics & IT and service industry have a higher response rate than average, while the response rates of energy, bank & financial service, retailing, food, heavy industry and construction industry lie below average. This higher response rate might be based to some extent on the initial difficulties experienced in receiving the responses from the German enterprises but it also reflects Germany's key strength in these areas. When the initial activities (e.g. reminder letter) to increase the German

response rate did not deliver positive results companies were approached at the Hanover Messe, the major trade show in Germany. Since this trade show concentrates primarily on engineering, electrical services as well as electronics and information technologies the higher response rate in these industries seems to have been influenced to some extent from this approach of increasing the response rate.

The lower response rates from the bank and financial services could be seen to some extent in the light of the concerns about confidentiality which more than a quarter of all not participating companies claimed as reason for choosing not to participate in this survey. Industries such as banks which base their success to a large extent on confidentiality might be even more careful than other industries. Regarding the responses from the energy sector, the food industry, the heavy industry and construction industry which lie below average one could argue from the non-responses that these industries are the ones which seem to be less active internationally than other industries and, therefore, claimed no interest in this study. This might have had a certain impact on the number of responses from these industries.

Thus, one can say with regard to the industries covered in this study, that the engineering, electrical and chemical industry have a higher number of respondents to be samples for this study than average, while the number of respondents of the construction, heavy industry, retailing and service industry lies lower than average. As we have seen

above, these differences are not due to differences in response rates, which are not significantly different across industries. Therefore, the sample is not representative of the population and inferences to the top 500 German companies should be treated with caution.

5.2.2 COMPANY SIZE

With regard to the company size of the responding firms, companies with more than 10,001 employees world-wide have a higher response rate than average, while companies with size smaller than 10,000 employees world-wide have a lower response rate than average. This difference could be linked to some degree to the question of available resources. Many non-respondents claimed that they do not have time to participate in a survey and one even stated on the telephone that he needed another dozen employees if he had to answer all the requests from universities. For the top 500 companies the questionnaire crisis seems to be extremely acute since so many researchers rely on the top 500 firms (e.g. Jobber and Saunders, 1993).

The number of questionnaires received by different company size varies considerably from a low of 1 to a high of 36 which represents the reason for putting the actual numbers in the tables to illustrate the respondent's profile. In general, these differences also result from a difference in the representation of the different company size in our population. But meanwhile, the data seems to imply that companies of

a bigger size (with more than 50,000 employees), and a fewer representation in the population, have an higher interest to participate in this research, compared to companies of smaller size. This might have to do with available (human) resources but it could also imply that the research subject of this study is a particular concern of these very big companies which need to look overseas for further growth.

5.2.3 TYPE OF COMPANY

Companies operating in the type of an AG (public limited companies) and KG (limited partnerships) have a higher response rate than average, whereas the response rate of companies operating as a GmbH (private limited companies) and an eG (registered association) lie lower than average. Thus, there are represented less companies of these two types than in the population as a whole. The differences between these types are discussed in the following specific description of the sample.

With regard to the type of company, differences in the number of responses are due to the different representation of company types in the population as well. The majority of respondents (72.1%) represent big companies registered as "AG" ("Aktiengesellschaft") which are public limited companies with a minimum nominal capital of DM 100.000 and a management and a supervisory board.

This majority is followed by 16.3% of responding companies which are organised as a "GmbH" ("Gesellschaft mit beschränkter Haftung") which is a private limited company with founding capital of at least DM 50.000 and a managing director. A percentage of 4.7% of responding companies are limited partnerships ("KG", Kommanditgesellschaft) and 1.2 % are registered associations ("e.V., eingetragener Verein").

Table 5.1 summarises the detailed data of the final sample of this study. It shows the number of firms by industry, company size (as total number of employees world-wide) and the type of company with regard to the population and the sample of this study. The percentages are indicated in brackets.

Considering the representiveness of our sample compared to the population, the distribution in our sample is representative of the population which the questionnaires were sent to. Thus, the imbalance of distribution of company size of company type in our population is based on the top 500 companies as the population in this study. Despite the acute questionnaire crisis of this population it was chosen because a large population was required in order to be able to analyse our data with regard to companies which potentially should have the capability to do business overseas.

Table 5.1: Number of Firms by Industry, Company Size and Type of Company by Population and Sample

Industry	Population	Sample
Engineering	82 (16.4%)	21 (24.4%)
Electrical, electronics & Information technology	31 (6.2%)	11 (12.8%)
Chemicals, Pharmaceuticals & related	58 (11.6%)	10 (11.6%)
Energy	41 (8.2%)	7 (8.1%)
Bank & insurance service	54 (10.8%)	6 (7.0%)
Services	22 (4.4%)	6 (7.0%)
Retailing	42 (8.4%)	5 (5.8%)
Food & related	33 (6.6%)	5 (5.8%)
Heavy industry	21 (4.2%)	2 (2.3%)
Construction & related	23 (4.6%)	2 (2.3%)
Others	93 (18.6%)	11 (12.9%)
Total	500 (100.0%)	86 (100.0%)
Numbers of employees world-wide	Population	Sample
Less than 1000 employees	42 (8.4%)	1 (1.2%)
1,001~5,000	137 (27.4%)	13 (15.1%)
5,001~10,000	129 (25.8%)	21 (24.4%)
10,001~50,000	156 (31.2%)	36 (41.9%)
50,001~100,000	18 (3.6%)	7 (8.1%)
Over100,000	18 (3.6%)	8 (9.3%)
Total	500 (100.0%)	86 (100.0%)
Type of company	Population	Sample
AG	310 (62.0%)	62 (72.1%)
GmbH	143 (28.6%)	14 (16.3%)
KG	15 (3.0%)	4 (4.6%)
EG	17 (3.4%)	1 (1.2%)
Other	15 (3.0%)	5 (5.8%)
Total	500 (100.0%)	86 (100.0%)

5.3 CHARACTERISTICS OF THE RESPONDING COMPANIES AND THEIR IMPACT ON MARKETING STANDARDISATION

Before the propositions concerning the degree of the marketing standardisation will be discussed the following analysis of a set of company characteristics will be explored. This is done to be able to evaluate to which extent aspects like the size of the companies, their performance with regard to their markets share or the importance of their international sales for their overall business influences their approach towards their marketing.

5.3.1 SIZE

The influence of the size of a company on its approach towards the marketing programme standardisation seems to not have received a lot of attention so far. This presents a gap in the literature which might be worth to explore further in the future. But with regard to the company size and the standardisation of the marketing process in general some findings of authors like Kenter (1985) and Welge (1982) exist which focus on performance. They imply that there is a relationship between the success of a marketing process standardisation and the size of the company, specifically that small and medium sized companies are successful when applying a medium degree of marketing process standardisation.

Far more studies concentrate on a specific aspect of the marketing process, the control issue, which quite a few researchers have conducted studies on (e.g. Gencturk and Aulakh, 1995, Yunker, 1983, Hedlund, 1981). Most studies focus on centralisation versus decentralisation and look at the risk that is associated with a larger company and, therefore, predict a higher level of centralisation. Garnier (1982) and Yunker (1983) found a positive relationship between company size and centralisation.

In contrast to these findings Gencturk and Aulakh (1995) as well as Picard (1979) found a negative relationship. Serror (1989) and Gates and Egelhoff (1986) found mixed results. In view of the different findings discussed above the lack of empirical findings considering the influence of company size on marketing programme standardisation one could suggest that, in general, the size of a company will not be related to the marketing standardisation of a firm.

For the purpose of this study the size of the companies will be measured by the number of employees because of the available data. First of all, it was evaluated whether there is a significant difference with regard to companies' number of employees world-wide and the degree of marketing standardisation.

Table 5.2 and Table 5.3 illustrate a T-test analysis of this investigation. Table 5.2 focuses on the number of employees with regard to the product mix and the price elements. Table 5.3

concentrates on the promotion and the distribution mix. In both tables Group 1 represents the companies with less than 10,000 employees world-wide while Group 2 summarises the firms with more than 10,001 employees.

Table 5.2: Degree of Product / Price Standardisation and Employees

	Number Of Cases		Mean		T	Sig. Difference (2-Tailed)
	≤10,000	>10,000	≤10,000	>10,000		
Product Factors	35	51	2.32	2.26	.38	.703
Product features	35	51	2.34	2.08	1.36	.176
Brand Name	35	51	2.14	2.16	-.05	.959
Product Design	35	51	2.40	2.18	.98	.328
Product Quality	35	51	2.11	1.94	.80	.428
Product Image	35	51	2.17	2.41	-1.21	.231
Product Package	35	51	2.26	2.29	-.16	.871
Product Labelling	35	51	2.34	2.29	.20	.841
After-Sale Service	35	51	2.60	2.43	.80	.424
Warranties	35	51	2.51	2.55	-.14	.890
Price factors	35	51	2.76	2.75	.12	.901
End User Price	35	51	3.03	2.76	1.30	.198
Dealer Price	35	51	2.77	2.78	-.06	.948
Pricing To End Users	35	51	2.60	2.61	-.04	.968
Pricing To Dealers	35	51	2.51	2.84	-1.67	.098
End User Discounts	35	51	2.91	2.84	.31	.757
Dealer Discounts	35	51	2.89	2.75	.69	.495
Credit To End Users	35	51	2.77	2.76	.03	.975
Credit To Dealers	35	51	2.63	2.65	-.08	.935

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

Table 5.3: Degree of Distribution and Promotion Standardisation and Number of Employees

	Number of Cases		Mean		T	Sig. Difference (2-Tailed)
	≤10,000	>10,000	≤10,000	>10,000		
Distribution factors	35	51	2.61	2.70	-.08	.936
Geographic Distribution Concentration	35	51	2.57	2.84	-1.07	.290
Distribution Channels Overseas	35	51	2.40	2.57	-.77	.442
Sales Force Tasks Overseas	35	51	2.46	2.39	.33	.741
Sales Regions Organisation	35	51	2.66	2.80	-.65	.515
Sales Force Management	35	51	2.60	2.63	-.13	.900
Bargaining Power of Dealers	35	51	2.97	2.96	.05	.964
Promotion factors	35	51	2.59	2.66	-.46	.650
Advertising Role in General	35	51	2.57	2.84	-1.31	.195
Advertising Message	35	51	2.63	2.71	-.36	.717
Ad Agency used	35	51	3.00	3.00	.00	1.000
Media Budget Allocation	35	51	2.77	2.76	.03	.974
Use of TV Ads	35	51	2.63	2.53	.35	.726
Use of Print	35	51	2.60	2.67	-.39	.694
Use of Radio Ads	35	51	2.37	2.69	-1.16	.251
Use of Internet	35	51	2.51	2.80	-1.18	.241
Approach To PR	35	51	2.54	2.61	-.31	.758
Sales Promotion Types	35	51	2.54	2.63	-.44	.661
Use of Displays	35	51	2.37	2.61	-.96	.341
Use of Free Samples	35	51	2.46	2.35	.42	.674
Use of Sponsoring, Events	35	51	2.43	2.69	-1.03	.307
Customer Training Use	35	51	2.71	2.51	1.14	.257
Personal Selling Use	35	51	2.74	2.55	.97	.334

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

Both Table 5.2 as well as Table 5.3 indicate that there is no variable yielding a significant level. The findings imply that the number of employees world-wide is not a factor which influences the degree of the marketing standardisation of the German companies.

Based on the broad distinction between small and big firms as in the above tables one can state that the degree of the marketing standardisation with regard to the companies with less than 10,000 employees world-wide is similar to those with more than 10,001 employees world-wide.

5.3.2 MARKET SHARE

After having explored which influence the size of the German companies have with regard to the marketing standardisation it is of interest to evaluate whether the market share on the home market have an impact on the degree of the marketing standardisation. The specific issues of performance and international marketing standardisation will be analysed in chapter 6. In this part the market share will be explored as part of the characteristics of the companies in order to be able to evaluate to which extent this particular aspect of the sample might have an impact on the degree of the marketing standardisation.

As discussed in chapter three market share of a company is a commonly-used non-financial indicator while a lot attention in the marketing standardisation debate focuses on financial indicators (e.g. Roth and Morrison, 1990, Gosling, 1988, Whitt and Whitt, 1988). The few studies which consider market share are mixed (e.g. Fraser and Hite, 1990). Therefore, it was explored whether there is a significant difference with regard to the degree of marketing standardisation and

the market share of the companies in the home market. The results of testing this aspect in detail are illustrated in Table 5.4.

Table 5.4: Degree of Marketing Standardisation with regard to Market Share in the Home Market

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Less than 10% (1)					
Mean	2.50	2.76	2.83	2.94	3.03
Std	.57	.54	.59	.60	.51
11%-20% (2)					
Mean	2.48	2.87	2.83	2.80	3.24
Std	.72	.60	.73	.56	.71
21%-30% (3)					
Mean	2.14	2.81	2.57	2.61	3.03
Std	.62	.76	.68	.69	.50
31%-40% (4)					
Mean	2.31	2.56	2.48	2.36	2.95
Std	.90	.77	.67	.63	.62
41%-50% (5)					
Mean	1.94	2.84	2.38	2.24	3.29
Std	.86	.63	.81	.83	.80
51% or over (6)					
Mean	1.79	2.11	2.31	2.28	3.65
Std	.77	.96	.97	.93	.89
F Ratio	1.78	1.68	.95	2.19[†]	1.73
LSD test				1>4,5,6	
Duncan test				1>4,5,6	
Tukey HSD test				None	
Scheffe test				None	

[†]p<0.10

None means "No two groups are significantly different at the 0.10 level".

For the product, pricing and distribution mix, there is no significant difference in the degree of standardisation among the groups with different levels of market share in the German market. However, the result of this observation with regard to the mean rating shows that all groups reflect a moderate-to-high degree of standardisation.

For the promotion mix, the result shows that there is a significant difference of means among the groups. Both LSD and Duncan test identified that the means of group 4, 5 and 6 are significantly less than the one of group 1. Therefore, one can conclude that companies enjoying market share more than 31% in the German home market are more likely to standardise their promotion mix to a higher degree than those with market share less than 10% in the home market. With regard to marketing process, there is no significant difference among the groups. However, the mean rating implies that all groups reflect a moderate-to-low degree of management process standardisation (except the group with market share between 31% to 40%).

Furthermore, there are two interesting findings from this test. First of all, all groups tend to standardise their marketing mix to a moderate-to-high degree, whereas they tend to standardise their marketing management process to a moderate-to-low degree. Secondly, the giant companies which enjoy more than half of the market at home tend to standardise their marketing mix but adapt their marketing management process. For further information relating to characteristics of the responding companies and their impact on the degree of marketing standardisation please refer to Appendix C1.

5.4 CHARACTERISTICS OF THE OVERSEAS OPERATIONS AND THEIR IMPACT ON MARKETING STANDARDISATION

In the following some key characteristics of the overseas operations will be examined in order to explore whether there are some rather demographic aspects of the companies influencing the degree of the marketing standardisation of the German firms. As in the above section which explored which characteristics of the corporate headquarters might influence the degree of marketing standardisation with regard to the content of the marketing standardisation (programme and process) this section also links the overseas characteristics to the remaining key questions of any marketing standardisation as discussed in Chapter Two.

5.4.1 SIZE OF COMPANIES OVERSEAS

As for the overall company it might be interesting to examine whether the size of the overseas operation makes a difference with regard to the marketing standardisation. The review of the literature leads to a very similar picture as above since there are hardly any studies on this issue with regard to the marketing mix but quite a few which refer to the control aspect as explored in this study as part of the marketing process. The findings of these studies are similarly mixed as for the headquarter. While some studies found a negative relationship (e.g.

Cray, 1984, Hedlund, 1981) between the size of the corporate operation overseas and the size of the operation, other researchers (e.g. Halsberghe and Van den Bulcke, 1992) found a positive relationship while other results were mixed (e.g. Gates and Egelhoff, 1986). Due to these mixed findings and the lack of findings regarding the marketing programme in this discussion it was explored whether there is a significant difference on marketing standardisation with regard to companies' number of employees in the host market. The findings are presented in Table 5.5.

Table 5.5: Degree of Marketing Standardisation with regard to Number of Employees in the chosen Host Market

Compared groups (group no.)	Product	Pricing	Distributio n	Promotion	Marketing process
Less than 100 (1)					
Mean	2.11	2.85	2.80	2.67	3.31
Std	.59	.54	.56	.64	.53
101-1,000 (2)					
Mean	2.24	2.63	2.47	2.50	2.89
Std	.79	.96	.98	.73	.63
1,001-10,000 (3)					
Mean	1.83	2.47	2.43	2.37	3.37
Std	.72	.69	.88	.75	.83
10,001 or over(4)					
Mean	2.63	3.23	3.00	3.02	3.70
Std	.62	.55	.64	.56	.72
F Ratio	2.18_†	1.70	1.25	1.27	3.62*
LSD test	4>3				1,3,4>2
Duncan test	4>3				1,3,4>2
Tukey HSD test	None				4>2
Scheffe test	None				None

* $p < 0.05$, $†p < 0.10$

"None" means "No two groups are significantly different at the 0.10 level"

The findings reveal that there is no significant difference on the degree of pricing, distribution and promotion activities, with regard to the number of employees in the participants' chosen host market.

But the LSD test indicates that group 4 has a significantly greater mean value than group 3, with regard to the product mix. This implies that companies with more than 10,001 employees in the chosen host market are less likely to standardise their product mix activities than those with an employee number between 1,001 and 10,000.

For the marketing management process, three post hoc methods identified that the mean of group 4 is significantly greater than the one of group 2. This indicates that companies with employees in the range between 101 and 1,000 have a significantly higher degree of standardisation on marketing management process than larger firms with a number of employees which exceeds 10,001 people in the host market.

Moreover, the degree of the mean rating shows that companies with more than 10,001 employees in the chosen markets seem to standardise both their marketing mix and marketing management process less than the German companies with smaller numbers of employees in the chosen host markets. With regard to the control aspect of the marketing process this finding might be based on the one of the main forces which Hedlund (1981) describes in this context:

The author states that increased size means the subsidiary can build up its own resources and become less dependent. Moreover, Blau and Schönherr (1971) argue that the larger an organisation, the more likely it is that a centralised approach to control will generate a top management overload. While these notions could help to explain the findings there probably are other aspects involved such as the country of origin of the companies which is likely to have an influence on this relationship as well since several authors (e.g. Horvath, 1981, Hickson, 1974) found size and autonomy very differently related when investigating American, Canadian, Swedish and British companies.

5.4.2 CHOSEN MARKET OVESEAS

As discussed under section 2.4.1 a company might pursue with regard to its international marketing standardisation different approaches towards different country markets or regions. A lot of studies concentrate on a very limited number of markets. Studies of Whitelock et al (1995), Whitelock and Chung (1989), Boddewyn et al (1986) or Husagh et al (1986) focused on specific European markets or Europe as a region while other studies primarily concentrate on other triad markets such as the US or Japan (e.g. Cavusgil et al, 1993, Hill and Still, 1984). But there are also studies which consider a variety of different markets (e.g. Zandpour, 1994).

Since this study asked the respondents to choose the market they refer to in this study themselves a great variety of referred markets was

hoped for by the researcher. But almost all responding firms referred to European markets (44.8 %) or the North American (40.6 %) which limits this study to some extent on these triads markets. Authors like Ohmae (1985) argues that these markets are rather similar with regard to their consumer preferences. Therefore, a similar approach in terms of the degree of marketing standardisation could be expected. Nevertheless, it was tested in Table 5.6 whether there is a significant difference among different chosen host markets.

Table 5.6: Degree of Marketing Standardisation in the Host Market

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	marketing process
EU countries (1)					
Mean	2.02	2.66	2.58	2.33	3.21
Std	.65	.63	.74	.72	.80
Non-EU European (2)					
Mean	1.96	2.46	2.81	2.52	3.02
Std	.55	.75	.71	.59	.80
North America (3)					
Mean	2.29	2.82	2.54	2.78	3.31
Std	.74	.78	.82	.79	.69
Japan (4)					
Mean	1.67	3.38	2.50	2.67	3.29
Std					
China/other Asia (5)					
Mean	1.89	2.25	2.64	2.37	2.99
Std	.77	.75	.89	.82	.59
F Ratio	.91	1.04	.17	1.19†	.41
LSD test				3>1	
Duncan test				None	
Tukey HSD test				None	
Scheffe test				None	

†p<0.10

"None" means "No two groups are significantly different at the 0.10 level"

The findings of Table 5.6 lend support to the assumption that there are no differences between the chosen markets and both, the degree of standardisation of the marketing mix and marketing process.

The German firms pursue a similar approach towards the regions as assumed, the product, price and distribution mix appears not to be significantly different in North America, Europe or Asia. The only exception concerns the promotion mix. The LSD test identified that companies choosing North America as their host market in this study reflect a significantly higher degree of standardisation on promotion activities than those choosing European Union members as their host countries.

This could be interpreted to a certain extent as an indicator for the notion that the American market is perceived as more homogeneous in terms of consumer requirements and preferences than the market of the European Union based on the larger cultural and linguistic diversity in Europe. This finding lends support to the notion that there remain some barriers for marketing standardisation within Europe as stated by several authors (e.g. Müller and Kornmeier, 1996, Wenke, 1994, Löbke et al, 1993). Certain aspects of the communication mix in Europe seem continuously to require certain adaptations to specific market needs (e.g. Reed et al, 1992, Whitelock and Kalpaxoglou, 1991) although the mean ratings illustrate a high degree of promotion standardisation as for all other marketing mix elements.

5.4.3 TYPE OF OVERSEAS OPERATION

As described above there are different types of operations overseas but the majority (75%) of the German companies in this study operate through subsidiaries in their overseas markets. Several authors have stressed that companies assign different strategic roles to their overseas operations and particularly to their subsidiaries (e.g. Birkinshaw, 1997, Birkinshaw and Morrison, 1995, Nohria and Goshal, 1994). This might have a considerable impact on the degree of their marketing standardisation.

The influence of the strategic role of the subsidiaries on the degree of the marketing programme standardisation seems to have not attracted major research interest but its impact on marketing process aspects has been explored by researchers (e.g. Edwards et al, 1996, Blackwell et al, 1991). These studies primarily focus on headquarters-subsidiary relationships, hierarchies, central versus decentral control and aspects of formality versus informality.

As discussed in chapter two several studies indicate that German companies tend to allow their subsidiaries a rather low degree of autonomy and a high degree of centralisation regarding marketing process aspects (e.g. Wolf, 1994, Garnier, 1982, Daniels and Arpan, 1972). The fact that three quarters of the responding German companies in this study chose this type of overseas operation which

they fully own and thus control seems to strengthen the notion that there is a great interest to secure a maximum level of control.

This notion could be strengthened by the fact that the second most preferred type of overseas operation in this study which followed the subsidiaries was the majority joint venture – the operation in which the headquarters enjoy a large amount of power again. Interestingly the preferred types of operation overseas are the types which allow the headquarters to implement stringent control procedures which are in German firms often directed towards corrective action (e.g. Shaw, 1994, Horowitz, 1980).

In this light it is worth to investigate in the following whether there are differences between the different types of overseas operations and the degree of marketing standardisation in German firms. Table 5.7 shows the findings.

Table 5.7: Degree of Marketing Standardisation with regard to Type of Operation in the chosen Host Market

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Wholly owned subsidiary (1)					
Mean	2.15	2.70	2.56	2.60	3.19
Std	.71	.77	.75	.74	.71
Distributor (2)					
Mean	1.83	3.50	3.42	2.27	2.57
Std	.58	.71	.59	.75	.61
Franchising (3)					
Mean	1.28	2.00	2.00	2.47	3.14
Std	.68	.71	.64	.69	.77
Direct export (4)					
Mean	2.77	2.62	3.00	3.00	3.21
Std					
Majority equity joint venture (5)					
Mean	2.40	2.76	2.50	2.59	3.30
Std	.82	.73	.55	.64	.86
Minority equity joint venture (6)					
Mean	2.19	2.72	3.54	2.45	3.18
Std	.83	.85	.52	.73	.56
F Ratio	1.02	.77	1.80	.17	.33
LSD test			6>1,3,5		
Duncan test			6>1		
Tukey HSD test			None		
Scheffe test			None		

$p < 0.10$

None means "No two groups are significantly different at the 0.10 level"

The analysis does not show significant differences with regard to the standardisation of the product, promotion and pricing programme. But there is an exception in terms of the distribution mix. As illustrated in Table 5.7 Group 1 is identified by both LSD test and Duncan test to have a significantly lower mean value than group 6. This finding indicates that the German companies that operate in their chosen overseas market through a wholly owned subsidiary have a higher

degree of distribution standardisation than companies operating in the chosen host marketing with a minority equity joint venture.

5.4.4 LEVEL OF ACTIVITY

Similar to the above question whether the type of operation overseas has an influence on the degree of the marketing standardisation of the German firms one could wonder whether the actual level of activity overseas has an impact. Specifically, it will be explored in the following whether there are significant differences between German operations which manufacture overseas, firms which have sales operations overseas and other activities overseas as they were indicated by the companies in this study.

Since the literature review did not offer any comparisons to other studies on this particular characteristic and its potential influence on the degree of marketing standardisation it was investigated whether there is a significant difference on marketing standardisation with regard to level of activity in the chosen host market. Table 5.8 illustrates the findings of the analysis.

Table 5.8: Marketing Standardisation with regard to the Level of Activity in the chosen Host Market

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	marketing process
Manufacturing (1)					
Mean	1.70	1.89	2.67	2.11	3.61
Std	.70	1.03	1.00	1.16	.57
Sales operation (2)					
Mean	2.50	3.04	2.82	2.75	3.13
Std	.70	.80	1.27	.77	.67
Service operation (3)					
Mean	2.92	2.91	2.88	2.68	2.88
Std	1.07	.54	.28	.41	.25
Sales and service operation (4)					
Mean	2.09	2.88	2.61	2.70	3.13
Std	.56	.56	.69	.60	.74
Distribution(5)					
Mean	1.99	2.58	2.50	2.41	3.07
Std	.76	.74	.86	.75	.79
F Ratio	3.19*	3.66**	.26	1.25	.94
LSD test	2,3>1 3>1,4,5	2,3,4>1			
Duncan test	2,3>1 3>1,4,5	2,3,4>1			
Tukey HSD test	3>1	2,4>1			
Scheffe test	None	2,4>1			

**p<0.01, *p<0.05

"None" means "No two groups are significantly different at the 0.10 level"

As it can be seen from Table 5.8 there are no differences with regard to the distribution and promotion mix between the different operational activities and the degree of standardisation. But with regard to two marketing programme aspects, the product and the pricing mix, significant differences are indicated.

For the product mix, group 1 is identified to have a significant lower mean value than group 3. This means that the German companies which focus their overseas activities on manufacturing have a

significantly higher degree of standardisation on the product programme than those which operate service operations in their chosen market. This could indicate that consumer preferences and buying behaviour with regard to services depend to a larger extent on national custom and cultural expectations. This might also explain to some degree why the German companies which concentrate on service operations tend to have a lower degree of standardisation than those firms which offer sales and service operations as well as firms concentrating on distribution.

Both LSD and Duncan test also identified that companies which manufacture overseas have a higher level of standardisation than companies which are primarily active as sales operations. These findings probably have to be seen in the light of the overall standardisation debate which has focused to quite some extent and for quite some time on the benefits of a high degree of product standardisation from economies of scale and learning effects in manufacturing (e.g. Levitt, 1983). In this respect, it reflects the key notion of standardisation in which a high degree of product standardisation leads to decreased costs in the production and a higher degree of efficiency. Benefits from an equally high degree of standardisation with regard to sales operations are likely to be more difficult to accomplish due to a higher dependency on complex and highly market-specific aspects such as the distribution infrastructure (e.g. Rosenbloom et al, 1997, Baalbaki and Malhotra, 1993).

For the pricing mix, the German companies involved in manufacturing show a significantly higher degree of standardisation than those firms having sales operations and sales/service operations overseas. These findings seem to be likely to be explained by the same notion as above differences with regard to the differences in terms of the degree of the product programme. For the same reasons companies focusing on manufacturing show with regard to both product and pricing mix a significantly higher degree of standardisation than companies with other activities in the chosen host markets. Further information about characteristics of the overseas operations and their impact on marketing standardisation is given in Appendix C2.

5.5 MARKETING STANDARDISATION

The above section analysed which impact certain characteristics of the companies in their home markets as well as in their overseas markets might have had on the degree of the marketing standardisation. As was seen from analysing the assumptions relating to the various key characteristics of the German firms there are generally no significant differences with regard to the pursued degree of marketing standardisation and aspects such as the size of the company. Therefore, the following will explore the actual degree of the standardisation with regard to the marketing programme. First of all, a

general overview is given before each key aspect of the marketing mix is analysed in detail.

5.5.1 STANDARDISATION OF THE MARKETING PROGRAMME: AN OVERVIEW

Table 5.9 and Table 5.10 give an overview on the evaluation of the respondents with regard to the degree of similarity in marketing programme activities between their firms' operation at home and in the overseas markets. The items are organised in terms of the marketing mix elements which concern product and promotion. The figures are interpretable in terms of the underlying five-point-evaluation scale. A mean rating of less than 3.0 (the midpoint of the scale) is interpretable as implying "high" standardisation, a mean rating of greater than 3.0 means "low" standardisation and a mean rating of 3.0 represents "moderate" standardisation.

The tables indicate that the evaluations of the participating firms followed a certain pattern with regard to the degree of standardisation: Almost all activities of the marketing mix (37 of the 38 activities in tables 5.9 and 5.10) exhibited mean ratings which were below the midpoint of the scale implying a "high" degree of standardisation. The remaining activity, the use of advertising agencies, showed a moderate to high degree of standardisation.

Table 5.9: Degree of Marketing Mix Activity Standardisation: Product and Promotion Elements

Product	Mean	Std. deviation
Product/service feature	2.19	.89
Brand name	2.15	1.24
Product/Service design	2.17	1.03
Product/Service quality	2.01	.99
Product/Service image	2.31	.91
Product/Service packaging	2.28	1.02
Product/Service labelling	2.31	1.10
After-Sales Service	2.50	.95
Warranties	2.53	1.13
Promotion	Mean	Std. deviation
Use of free samples	2.40	1.12
Use of display materials	2.51	1.12
Use of radio advertising	2.56	1.24
Use of TV advertisement	2.57	1.28
Use of special events	2.58	1.14
Approach to public relations	2.58	.95
Use of customer training	2.59	.82
Types of sales promotion	2.59	.87
Use of personal selling	2.63	.91
Use of printed advertising	2.64	.77
Advertising message	2.67	.96
Use of the internet	2.69	1.12
Role of advertising	2.73	.95
Media budget allocation	2.77	.94
Advertising agency used	3.00	1.25

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

Table 5.10 shows the means for the distribution and price elements.

Table 5.10: Degree of Distribution and Pricing Elements Standardisation

Distribution	Mean	Std. deviation
Task(s) of sales force	2.42	.89
Channel(s) of distribution	2.50	.99
Management of sales force	2.62	.98
Geographic concentration of Distribution outlets	2.73	1.16
Organisation of sales regions	2.74	1.02
Bargaining power of dealers	2.97	1.06
Pricing	Mean	Std. deviation
Pricing to end users	2.60	.88
Credit to dealers	2.64	1.03
Pricing to dealers	2.71	.91
Credit to end users	2.77	.95
Price charged to dealers	2.78	.90
Price discount to dealers	2.80	.93
Price discount to end users	2.87	1.04
Price charged to end users	2.87	.93

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

Within the marketing mix activities the product activities indicated the highest degree of standardisation: The means of the product quality (2.01), the brand name (brand name) and the product features (2.19) represented the single activities which were standardised to the highest

level within this category. Table 5.11 highlights the product elements standardised to the highest degree.

Table 5.11: The Specific Product Elements Standardised the most

Product elements	Mean	Std. deviation
Product quality	2.01	.99
Brand name	2.15	1.24
Product features	2.19	.89

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

The high degree of standardisation of product elements was followed by specific promotion activities which were standardised to a high degree. The means for the use of free samples (2.40), the use of displays (2.51) and use of radio advertisements (2.56) illustrate the high potential of standardisation of these marketing elements. Table 5.12 highlights the individual promotion elements standardised to the highest degree.

Table 5.12: The Specific Promotion Elements Standardised the most

Promotion elements	Mean	Std. deviation
Use of free samples	2.40	1.12
Use of displays	2.51	1.12
Use of radio ads	2.56	1.24

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

The degree of standardisation of single distribution and price characteristics was also found to be rather high. The highest mean

ratings of single distribution elements within this marketing mix category showed a slightly lower degree of standardisation. The means of the activities standardised to the highest extent within distribution were the tasks of the sales force overseas (2.42), the chosen distribution channels overseas (2.50) and the management of the sales force (2.62). Table 5.13 highlights the single distribution elements standardised to the highest degree.

Table 5.13: The Specific Distribution Elements Standardised the most

Distribution elements	Mean	Std. deviation
Tasks of sales force overseas	2.42	.89
Chosen distribution channels	2.50	.99
Management of sales force	2.62	.98

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

With regard to the price elements the highest mean ratings were found for the pricing to end-users (2.60) followed by the credit terms to dealers (2.64) and the pricing to dealers (2.71).

Table 5.14 highlights the individual pricing elements standardised to the highest degree.

Table 5.14: The Specific Pricing Elements Standardised the most

Price elements	Mean	Std. deviation
Pricing to end-users	2.60	.88
Credit terms to dealers	2.64	1.03
Pricing to dealers	2.71	.91

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

5.5.2 STANDARDISATION OF THE MARKETING PROGRAMME: FINDINGS

Chapter two gave an extensive overview on the previous findings with regard to the degree of standardisation. Nevertheless, one has to be aware of the limitations of these findings since the underlying surveys were not consistent and varied in important aspects such as their scope or the choice of industry.

Using summated scales the actual order of marketing mix standardisation in this study appears to be slightly different from the impression which one gets from the observation of the highest, individually observed mean ratings for single marketing elements within the marketing categories. Based on summated scales for each marketing mix category the order of standardisation is – as in many other recent studies (e.g. Chhabra, 1996, Shoham, 1996, Akaah, 1991) – led by the product category which has an overall mean rating of 2.28. But this category is followed by the price category which is

characterised by an overall mean rating of 2.63 while the distribution category (2.66) and the promotion category (2.67) have nearly identical mean ratings. These results are summarised in Table 5.15.

Table 5.15: Degree of Marketing Mix Standardisation in this Study based on Summated Scales

Marketing Programme	Mean rating
Product Policy	2.28
Price Policy	2.63
Distribution Policy	2.66
Promotion Policy	2.67

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

Despite the differences with regard to the findings of Akaah (1991) who found with regard to the degree of the marketing standardisation of the top 500 US companies a primarily moderate and low degree of marketing standardisation (except for the product category which showed a high degree of standardisation) the actual ranking order of the marketing programme categories appears to be the same in both studies: Although on a lower level of standardisation the US firms standardised their product elements to the highest degree followed by the price, the distribution and only then by the promotion category. These findings also support the recent findings of Chhabra (1996) and Shoham (1996).

Therefore, a similar approach towards the degree of standardisation of certain marketing mix categories of the top 500 companies of major

industrial nations - as found in Akaah's and in the study into the top 500 German firms- is suggested especially for the decade of the 1990s.

But the above investigation of specific elements of the marketing programmes (which are standardised to the highest degree) as well as the exploration of the degree of the entire marketing programme categories is intended to highlight the existing differences in the British/American and the German literature towards investigating the degree of international marketing standardisation which might be worth being aware of since it might have the potential to reduce some of the ambiguity in the standardisation debate. German authors like Bolz (1992), therefore, consider it as essential to further differentiate between the actual standardised contents of the marketing programme elements (e.g. the actual execution of a printed advertising) and the pursued general marketing strategy per marketing mix category (e.g. general communication strategy).

The above discussion could be considered to strengthen this notion since an evaluation of the standardisation based on (in this case three) specific marketing elements which were standardised to the highest degree within their marketing programme category could have led not only to the correct assumption that the product elements were standardised to the highest extent in this study but it also is likely to have given the researcher the incorrect impression that the following

categories with regard to the ranking order of the marketing standardisation would be promotion, distribution and price when the actual order appears to be price, distribution and promotion. Thus, an approach which differentiates between the actual contents of different marketing mix elements and the pursued marketing programme strategy as suggested in the German literature might be worthwhile despite the potential difficulties it might provide American/British researchers with in terms of understanding the relevance of such an approach and its benefits because it seems to be based on a different notion of marketing strategy than in the American/British literature predominant.

The American/British literature seems primarily to refer to marketing strategy as the actual emphasis and immediate combination of various marketing mix elements (e.g. Aaby and McGann, 1989, Toyne and Walters, 1989). In contrast to this the German understanding of marketing strategy rather seems to emphasise the long-term marketing planning for achieving corporate objectives by canalising various activities such as the different marketing programme categories (Becker, 1991, Meffert, 1986).

Authors like Bolz (1992) argued that a further differentiation of marketing standardisation not only takes into account the rather short-term issues related to the actual content and utilisation of specific marketing programme elements but also puts the adequate stronger

focus on the long-term strategic aspects related to the marketing programme (and process) category (Bolz, 1992). Specifically, this notion can make the researcher aware that a company can very well have price elements which are standardised to the highest degree within their marketing category which show a comparably low degree of standardisation when compared to marketing mix elements which are the mostly standardised ones in their category while the company might at the same time pursue a marketing strategy which focuses on a very high degree of price standardisation.

5.5.3 TESTING THE PROPOSITIONS

After having given a general overview of the degree of marketing standardisation in this study in relation to similar studies the findings will be specified for each key aspect of the marketing programme as well as the propositions as developed in chapter two are tested and further explored.

5.5.3.1 PRODUCT STANDARDISATION

Product standardisation has been found in many studies to be the element of the marketing programme which was standardised to the highest degree (e.g. Akaah, 1991, Boddewyn et al, 1986). Many authors also consider it as the core of any marketing standardisation and thus as the prerequisite for the standardisation of the other key elements of the marketing mix (e.g. Majaro, 1982, Channon and Jalland, 1979). The main benefit associated with this approach has been the positive impact of an high degree of product standardisation on costs primarily due to economies of scale effects and a certain degree of convergence of consumer preferences (e.g. Levitt, 1983, Porter, 1986, Hout et al., 1982, Doz, 1985, Adam, 1979).

For these reasons proposition P1-1 was suggested in the following:

Proposition P 1-1

The highest level of standardisation within the marketing mix categories is likely to be found in the product mix category (e.g. Akaah, 1991, Bolz, 1992, Chhabra, 1996, Grosse and Zinn, 1991, Ozsmer et al, 1991, Shoham 1995, Sorenson and Wiechmann, 1975).

This proposition could be confirmed by comparing the mean rating based on summated scales as illustrated in table 5.16. While all key

aspects of the marketing mix are standardised to a high degree the product elements were clearly standardised to the highest degree which confirms previous findings and strengthens the broad consensus in the literature on this specific aspect.

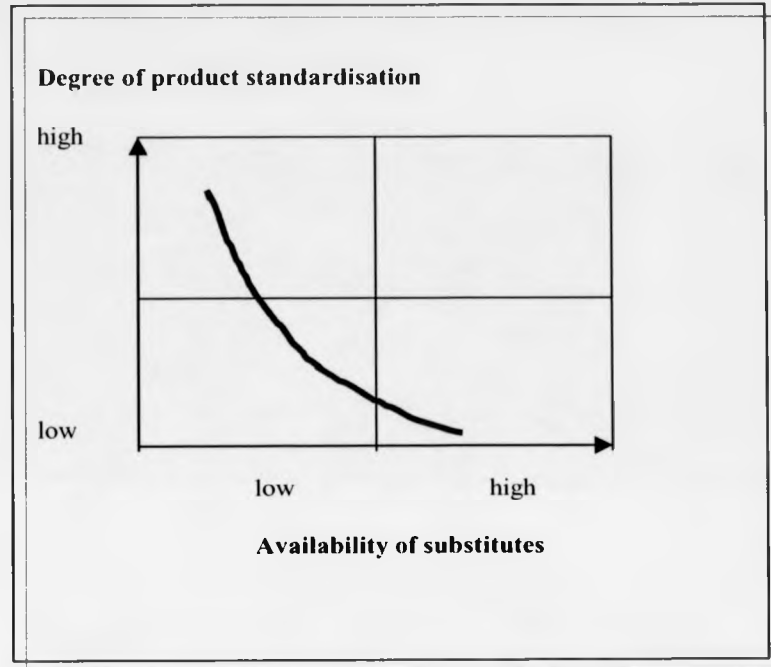
Table 5.16: Degree of Product Mix Standardisation

	Mean rating
Product Policy	2.28

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

This high degree of standardisation seems to suggest that the products offered by the German firms have a rather low potential to be substituted by other products. Huszzagh et al (1986) and Kreutzer (1991) argue that the potential level of substitution has a key impact on the potential to standardise a product programme to a high degree. Thus the level of substitution can depend on how new the products are as well on the uniqueness of the image profile of this product. Consequently, if the product is rather new or innovative there are no substitutes available which enables the companies to standardise their product mix to a high degree. Figure 5.1 illustrates the relation between the availability of substitutes and the accepted degree of product standardisation.

Figure 5.1: Relation between the Availability of Substitutes and the accepted Degree of Product Standardisation (based on Kreutzer, 1991)



Nevertheless, there are other aspects involved in the degree of product standardisation as discussed in chapter two but this high degree of product standardisation in the German firms seems to confirm findings which stress the high priority to the product elements which German firms seem to focus on (e.g. Shaw, 1994, Parkinson, 1984).

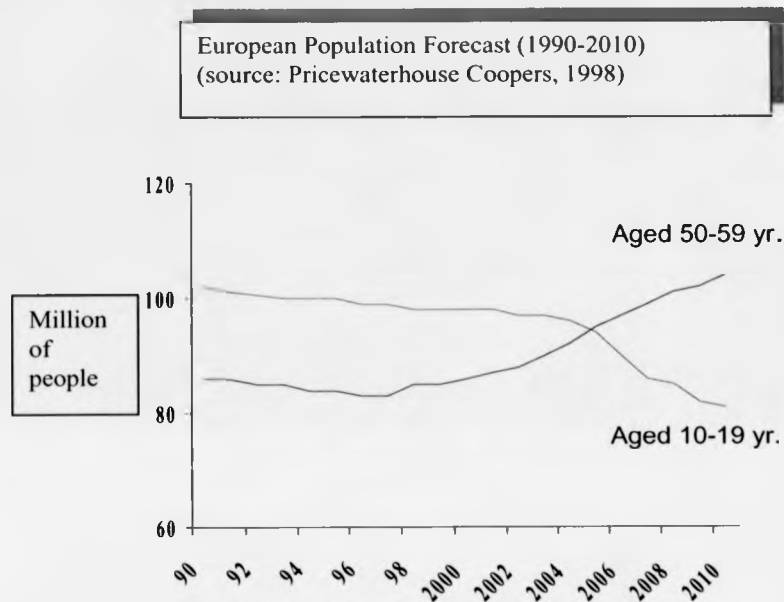
Still, the very high degree of product standardisation could surprise because of the great variety of existing barriers and threats. Britt (1974) stresses that with regard to a degree of product standardisation the danger which might arise from different usage patterns of products in different markets – for example, a bicycle which was purchased as a

transportation vehicle will be evaluated differently by the consumers than the same or similar product which was purchased in another country for exercise and training purposes.

Moreover, the evaluation of the taste and smell of products arguably vary between different cultures and climates which has a high importance for certain industries such as the food industry (e.g. Herlyn, 1986, Huszagh et al, 1986, Keegan et al, 1983). Also the association and specific attitudes of consumers might vary among nations with regard to product attributes as well as the technical and legal requirements (e.g. Holzmüller, 1986, Herlyn, 1986, Keegan and McMaster, 1983).

The high degree of product standardisation as found in this study could suggest that the consumer preferences are considered to have converged to quite some extent because a high degree of standardisation without trying to meet the needs and wants of the international target groups seems rather unlikely. Several authors have argued in favour of a global convergence of buying and consumption patterns (Levitt, 1983, Grey, 1984, Meffert et al, 1986). The authors base their notion on the influence of aspects such as advances in communication and information technology, transportation but also on demographic factors. With regard to the development of demographic factors in terms of the European population an overview is given in Figure 5.2.

Figure 5.2: European Population Forecast (1990-2010)



With regard to demographic factors the growth of the population stagnates in many industrial counties while the life expectancy rate continues to grow (e.g. Müller and Kornmeier, 1996). Moreover, the adolescent and teen population shrinks while the older generation increases as shown in Figure 5.2. Berekoven (1987) stresses the impact of developments like those on retail marketing since this development leads to a stronger importance of consumers which are value conscious and experienced purchasers with a significant amount of disposable income. The author argues that this development is likely to favour a high degree of product standardisation.

Müller and Kornmeier (1996) also stress that in less developed countries (e.g. Brazil) these trends are heading towards the opposite direction, a lower life expectancy rate and higher birth rate. Next to great differences with regard to financial resources the authors do not see a convergence in terms of aspects such as demographic factors on a global scale as valid.

Advances in communication and information technology as well as in transportation technology have arguably led to a certain degree of global convergence (e.g. Buzzell, 1968, Levitt, 1983, Ohmae, 1989). Authors like Drake (1984) argue that these factors decrease the information deficits and lead to a convergence in terms of knowledge which leads to a reflection of certain behaviours and a cultural assimilation. Perris (1985) stress that even soaps on TV have a major impact on overcoming national consumption patterns which lead to a transnational, life-style orientated opinion. The author also stresses the importance of product placement especially in American soaps such as "Dallas" or "Denver Clan" which have been broadcasted in 95 ("Dallas") and 83 ("Denver Clan") countries.

The high degree of product standardisation as found in this study seems to suggest that a certain convergence has taken place with a rather large cross-cultural-target group. Nevertheless, there are differences within the product category in terms of the potential for

standardisation. The literature review in chapter two suggested to consider this aspect as put forward in proposition P1-2.

Proposition P 1-2

Within the product elements the "brand name" will be standardised to a very high degree that is likely to be higher than the degree of most other product elements (Chhabra, 1996, Sorenson and Wiechmann, 1975, Althans, 1982, Beutelmeyer and Mühlbacher, 1986).

Table 5.17 illustrates the degree of the specific product elements within the product category of this study. It shows the degree of standardisation of each element of product mix, tested by 5-point scales. As described above, the mean rating of less than 3.0 (the midpoint of the scale) is interpretable as implying "high" standardisation, a mean rating of greater than 3.0, "low" standardisation, and a mean rating of 3.0 is interpretable as implying "moderate" standardisation.

Table 5.17: Standardisation of the Product Elements

Product Elements	Mean
Product/service feature	2.19
Brand name	2.15
Product/Service design	2.17
Product/Service quality	2.01
Product/Service image	2.31
Product/Service packaging	2.28
Product/Service labelling	2.31
After-Sales Service	2.50
Warranties	2.53

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

The lower the mean rating the higher the degree of standardisation. Therefore, the result of the mean ratings imply indeed that within the product category, the "brand name" and the "product quality" are amongst the elements standardised to the very highest degree. Especially, the issue of the standardisation of brands has gained a lot of attention with regard to the standardisation debate (e.g. Whitelock et al, 1995, Mazur, 1993, Wolfe, 1991, Waltermann, 1989, Rosen et al, 1989, Rüschen, 1988). According to Kotler and Armstrong (1996) a brand is primarily characterised by attributes such its name, sign, design or a combination of those aspects to differentiate it from its competitors. Based on the different extent of standardisation of these aspects primarily the German literature classifies three types of brands

(e.g. Bolz, 1992, Kreutzer, 1991, Meffert, 1988): World brands, regional brands, local brands.

- **World brands**

As world brands the authors classify brands which use one uniform brand name on a world-wide scale such as Coca Cola or Kodak. Based on a geocentric orientation the management of world brands accepts significant financial commitments to secure a globally consistent brand appearance which is globally accepted and registered. Authors like Kamann (1972) consider the brand name as the most important aspect and stress the importance that positive associations relate to it as well as it must be easy to pronounce and to be registered since authors like Ricks (1983) have given plenty of examples of companies which suffered from insufficient checking of these aspects.

- **Regional brands**

Regional brands might make sense if specific products are used regionally only or if there is not a global engagement of the company at that stage. Nevertheless, a key question here is to which extent a world brand can adapt certain aspects such as the product quality or product features without irritating mobile consumers (e.g. Meffert and Althans, 1982). Kreutzer (1989) states that Coca Cola used to suffer from this affect due to different colours of their soft drinks in Europe which were due to legal requirements in Spain and Italy. But if there are major differences in prices in geographically close markets a

differentiation of the brand name can have a positive impact in terms of reducing parallel imports.

- **Local brands**

Nevertheless, there are companies which sell identical products under different brand names even within Europe (e.g. Baden Fuller and Stopford, 1988). The chance that the company pursuing such an approach will benefit from media-overall-spill effects is minimised but if a local image has a positive impact with regard to the potential sales it might be worth considering (e.g. Weiss, 1982). Murphy (1987, page 9) states that "international companies which permit, or are forced to accept, a proliferation of local brands often find a fragmentation on their activities. In theory each of these brands should be more ideally adapted to particular local conditions; in practise the appeal, coherence and power of competitive international brands makes it difficult for local brands to compete". However, a study of Whitelock and Kalpaxoglou (1991) found that the majority of companies emphasised with regard to Europe a strong need for local responsiveness and local brands.

In this study, the very high degree of standardisation of the brand name and product quality is supported by a comparably high degree of standardisation of the product design, the packaging and labelling. The packaging obviously is of great importance in this context as well

since it represents a major tool for the consumers to identify the product, especially in consumer goods.

Nevertheless, Terpstra (1978) stresses the importance of the packaging not only with regard to promotion aspects but also with regard to the protection issue. There are national requirements with regard to the packaging of products depending on safety regulations but also with regard to national needs and wants based on tradition in certain industries (e.g. Whitelock, 1987). But in this study German companies might try to benefit from lower costs in logistics based on highly standardised packaging. The products can be delivered to several markets from one or few centralised warehouses as well as the standardised packaging labelling should help the consumers to identify the products fast and easy.

With regard to the high degree of standardisation in terms of the product quality and the brand name the proposition could be clearly confirmed. These aspects will be investigated further to explore the proposition further. Table 5.18 illustrates this exploration by showing the correlation between these two aspects and the other elements of the product category.

Table 5.18: The Bivariate Correlation between Brand Name/Product Quality and other Product Elements

	Brand Name	Product quality
Product features	.39***	.68***
Brand name	1	.42***
Product design	.66***	.62***
Product quality	.42***	1
Product image	.40***	.61***
Product packaging	.47***	.57***
Product labelling	.53***	.51***
After-sales service	.12	.34**
Warranties	-.02	.34**

*** $p < 0.001$, ** $p < 0.01$, both 2-tailed

As table 5.18 illustrates for brand name, all other elements show a significant level ($p < 0.001$) of relationship with it, except the two elements of after-sales service and warranties. For product quality, the relationships between this element and the other product elements all yield a significant level ($p < 0.01$ or better). However, since both, brand name and product quality, show a significant level of relationship with the other product elements and the relationship between brand name and product quality also yields a significant level ($p < 0.001$), the partial correlation analysis is necessarily utilised to examine the relationship between one of these two elements and the other product elements, while the effect of the other one on other product elements is taken out into account by holding it constant as shown in table 5.19.

Table 5.19: The Partial Correlation between Brand Name/Product Quality and other Product Elements

	Brand Name	Product quality
Product features	.16	.62***
Product design	.57***	.50***
Product image	.21†	.53***
Product packaging	.30**	.46***
Product labelling	.40***	.37**
After-sales service	-.02	.32**
Warranties	-.19†	.38***

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, † $p < 0.10$, all 2-tailed

While holding the effect of the product quality on the other elements constant, the brand name has significant relationships with product design and product packaging, product labelling and warranties ($p < 0.1$ or better). All of these elements have a positive relationship with the brand name, except warranties which shows a significant negative relationship with the brand name.

While holding the effect of the brand name on the other elements constant, the product quality still has significant relationships with all other product elements ($p < 0.01$ or better). Concerning the directions of the correlation coefficients, all these elements have a positive relationship with the element of product quality. Thus one can conclude that the findings lend support to proposition P 1-2 which suggest that the product element "brand name" is standardised to the highest degree. It is the second most standardised element of the entire

product programme and has close relations with other elements of the product programme. However, the analysis does not confirm that the harmonised brand name represents a key pre-requisite for the standardisation of other elements and that German companies primarily compete on the quality of their products. Table 5.20 summarises this section by showing the propositions and whether the findings lend support to them.

Table 5.20: Summary of Findings regarding the Propositions P 1-1 and P 1-2

Propositions (P 1)	Findings lend Support	Findings do not lend Support	Findings lend partial Support	The Degree of Marketing Standardisation
P 1-1	X			The highest level of standardisation within the marketing mix categories is likely to be found in the product mix category (Akaah, 1991, Bolz, 1992, Chhabra, 1996, Grosse and Zinn, 1991, Ozsmer et al, 1991, Shoham 1995, Sorenson and Wiechmann, 1975).
P 1-2	X			Within the product elements the "brand name" will be standardised to a very high degree that is likely to be higher than the degree of most other product elements (Chhabra, 1996, Sorenson and Wiechmann, 1975, Althans, 1982, Beutelmeyer and Mühlbacher, 1986).

5.5.3.2

PRICE STANDARDISATION

As discussed in chapter two the literature suggests that the potential for a high degree of standardisation with regard to an international

price programme is rather limited (e.g. Simon and Wiese, 1995, Müller and Kornmeier, 1995, Diller, 1992).

Key reasons for that assumption are primarily based on different trade structures and heterogeneous markets which are common in different markets (e.g. Diller, 1992). While some authors like Müller and Kornmeier, (1995) argue that the different prices within specific regions such as Europe will rapidly decrease, other researchers like Simon and Wiese (1995) strengthen the commonly accepted notion of a limited standardisation potential by arguing that a standardised pricing policy within Europe - which arguably could minimise parallel imports - is not optimal in terms of profits and therefore, will not be pursued to a larger extent.

Therefore the potential for a price standardisation was assumed to be rather low as reflected in proposition P1-3.

Proposition P 1-3

The price elements show a lower degree of standardisation than the product elements because its potential for a high degree of standardisation is extremely sensitive to limiting factors such as the marketing infrastructure of the host markets (Shoham, 1995, Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Meyer, 1978, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

Table 5.21 illustrates the findings based on summated scales.

Table 5.21: Degree of Price and Product Policy Standardisation

	Mean rating
Price Policy	2.63
Product Policy	2.28

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

As Table 5.21 shows the pricing mix is standardised to a rather high degree in this study which is a little surprising since the literature suggests a different notion but it is clearly standardised to a lower degree than the product category. The degree of standardisation is very similar to the one of the distribution policy which depends to a large degree on similar aspects as discussed in chapter two. But the higher degree of standardisation in comparison to the promotion policy surprises although the findings lend support to proposition 1.3 in terms of the standardisation of the product elements.

Nevertheless, it is worth exploring whether another key element of the marketing mix has influenced the price policy to an unusually high degree. For this reason and based on above summated scales a simple correlation analysis was conducted to investigate the degree of relation between the finding with regard to the price and the other marketing programme. Table 5.22 illustrates this investigation.

Table 5.22: Correlation Analysis of Pricing Mix and Marketing Mix Standardisation

Predictor variable	Criteria variables			
	Product	Pricing	Distribution	Promotion
Pricing (Summated scale)	.64***	1	.55***	.58***

***p<0.001, 2-tailed

The findings of Table 5.22 reveal that the pricing policy has a moderate relationship (i.e. r is between 0.4 and 0.8) with the product, distribution and promotion policy. There does not seem to be a particular aspect of the marketing mix policies that influenced this finding with regard to the price negatively. The direction of all correlation coefficients are positive and hence the pricing policy has a positive relationship with the other three key categories of the marketing programme.

Nevertheless, this finding seems to lend support to the findings of Bolz (1992) who also found an unexpected high degree of standardisation with regard to the pricing policy of German companies. The findings of this study would also strengthen the notion of Müller and Kornmeier (1995) who argued that especially within Europe the markets and with them the marketing infrastructure have converged which favours a standardised approach.

But one should be aware that this notion could be challenged since there are still examples which imply otherwise: The current European pricing policy of major companies of the German automobile industry (e.g. Volkswagen, Mercedes Benz) represents a good current example for this. These companies are currently fighting a legal dispute with the European Union Commission about different prices of their products in European markets and how to enforce them with regards to retailers (Didzoleit, 1999).

The current practise suggests support to the notion of Simon and Wiese (1995) who argue that a non-standardised approach towards an European pricing policy offers increased profitability. This even seems to apply to segments such as the elite and luxury segment which is commonly accepted to be a segment which shows a large amount of cross-culturally shared values and perceptions which therefore has great potential to be targeted by a standardised marketing approach. But the current practise of Mercedes Benz, the luxury car producer, suggests a different approach as illustrated in Table 5.23.

The relationship between pricing policy and performance is analysed and discussed in chapter six.

Table 5.23: Price Differences within European Markets for a German Luxury Car Mercedes Benz S 320 (based on EU Commission, May 1st, 1999, adapted from Didzoleit, 1999).

Mercedes Benz S 320	Price to end users (1999, in DM)	Difference to price in Germany (in DM)
Germany	98.500	-
Belgium	100.766	+ 2.266
Finland	105.591	+ 7.091
France	100.273	+ 1.773
Greece	109.276	+ 10.776
Ireland	97.424	- 1.076
Spain	100.244	+ 1.744
UK	105.685	+ 7.185

These differences might be influenced by several aspects such as differences in the perceived value for such a product in the different markets, differences with regard to the competitive situation, the different purchasing power of the markets or different cost situations due to legal regulations. The impact of aspects like the ones just mentioned are discussed in detail in chapter six.

Nevertheless, it was indicated above that the standardisation of the price charged to end-users is lower than for the other price elements of this study but still at a moderate to high level in general the findings of this study seem to add to the confusion regarding the potential of a price standardisation. There also seems to be a discrepancy between the conceptual benefits associated with such an approach and the actual practise at least with regard to German firms.

But considering the high degree of the standardisation of the entire pricing policy of German firms in this study one could speculate that they try to benefit from a consistent image position and a reduction from confused and angry customers because these aspects were identified to be the key advantages of a standardised pricing policy (e.g. Channon and Jailland, 1979, Kahmann, 1972). To which degree the advantage of an decrease in parallel imports as suggested by several authors (e.g. Weiss, 1982, Buzzell, 1968, Kahmann, 1972) play an important role is more difficult to evaluate because the of examples as given in Table 5.23.

Finally, the high degree of standardisation in terms of the pricing method to dealers and towards the credit terms to the dealers as found in this study imply that the German companies pursue a pricing strategy which is based on a pricing range which is highly standardised but offers some local adaptations within the defined scope. The high degree of standardisation of these two aspects is even more interesting as the pricing method (which typically focuses the calculation scheme) and the credit terms are considered to be of key importance with regard to local adaptations of subsidiaries (e.g. Kreutzer, 1991, Meyer, 1979).

Beutelmeyer and Mühlbacher (1986) argue that a high degree of standardisation with regard to these aspects within a price range enables the headquarters to pursue a standardised price policy without

giving the overseas operations the impression of having no opportunities to adapt to local market needs. Moreover, the comparably high costs in German firms force them to recoup them in all markets.

In the case that such an approach is not feasible which might lead to a variety of different prices in different markets several authors (e.g. Kucher and Simon, 1993, Müller and Kornmeier, 1995) suggest to consider not to operate in the market because of the influence which the pricing policy might have with regard to the standardisation of the other marketing mix elements.

Because of this notion the influence of the pricing elements on the other key categories of the marketing programme were explored by using a multiple correlation analysis on the various categories of the pricing mix and the three other marketing mix categories as shown in Table 5.24.

As Table 5.24 suggests there is a strong influence of some pricing elements on the other marketing programme categories. Especially the distribution policy is influenced by various pricing elements.

Table 5.24: Linear Regression Models of Influence of Pricing Variables on Product/Distribution/Promotion Standardisation

Independent Variables	Products		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value
Price charged to end-user	-.10	-.60	-.50	-2.99**	-.04	-.22
Price charged to dealer	.36	1.60	.75	3.51***	.08	.36
Pricing method to end-user	.29	1.93†	.42	2.88**	.25	1.56
Pricing method to dealer	-.03	-.147	-.07	-.364	-.03	-.14
Price discounts to end-user	.16	1.14	.05	.384	.19	1.36
Price discounts to dealer	-4.3E-04	-.003	-.169	-1.10	.01	.05
Credit terms to end-user	.24	1.37	.51	3.05**	-.19	-1.08
Credit terms to dealer	-.08	-.34	-.32	-1.50	.45	1.97†

Model statistics

R	.666	.698	.637
R-square	.443	.487	.406
Adjusted R-square	.386	.433	.344
F-value model	7.668	9.017	6.577
Signif F	.000***	.000***	.000***

***p<0.001, **p<0.01, *p<0.05, †p<0.10, all 2-tailed

Especially the price which is charged to dealers as well as the credit-terms and pricing method to end users show significant positive relations to the distribution policy and thus seem to influence the degree of standardisation of this marketing mix aspect (e.g. Bolz, 1992). This is interesting since both key aspects of the marketing programme show a similar degree of standardisation and depend on similar aspects/barriers (Müller and Kornmeier, 1995, Bolz, 1992, Shoham, 1995). Table 5.25 ends this section by illustrating that the findings referring to the standardisation of the price are supported.

Table 5.25: Summary of Findings regarding Proposition P 1-3

Propositions (P 1)	Findings lend Support	Findings do not lend Support	Findings lend partial Support	The Degree of Marketing Standardisation
P 1-3	X			The price elements show a lower degree of standardisation than the product elements because its potential for a high degree of standardisation is extremely sensitive to limiting factors such as the marketing infrastructure of the host markets (Shoham, 1995, Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Meyer, 1978, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

5.5.3.3 DISTRIBUTION STANDARDISATION

Several authors have argued that the potential for a high degree of distribution standardisation is limited (e.g. Shoham, 1995, Müller and Kornmeier, 1995, Meffert and Althans, 1982). They consider similar aspects as with regard to a the price standardisation as barriers and base their notion primarily on the different market structures in different markets and a limited amount of willingness for co-operation of mighty national key accounts which might remain in a certain "buy national - mentality" (Müller and Kornmeier, 1995, page 116).

In addition, there are a large variety of difficult issues to solve with regard to a standardising an international distribution policy. Kreutzer (1989) regards the centralisation of logistical systems, the distribution channel management including the control of middlemen and the feasibility of an intensive market penetration overseas as major

stepping stones which limit the potential for a high degree of distribution standardisation.

The literature implies also potential difficulties in terms of qualified personnel which might be difficult to recruit or might not being available in certain markets, religious norms might restrict the opportunities to distribute certain products or services as well different languages within one country market might limit the standardisation in terms of the sales force management (e.g. Honeycutt and Ford, 1995, Kahmann, 1972, Gorge, 1979).

Based on this notion proposition P1-4 was put forward and explored in Table 5.26.

Proposition P 1-4

The distribution elements have a lower degree of standardisation potential than the product elements by showing a similar standardisation level as the price elements due to their comparable sensitivity towards the marketing infrastructure of the overseas markets (Akaah, 1991, Althans, 1982, Chhabra, 1996, Shoham, 1996, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

Table 5.26: Degree of Distribution and Product Standardisation

	Mean rating
Distribution Policy	2.66
Product Policy	2.28

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

Table 5.26 shows that the distribution policy is standardised to a high degree. But it is standardised to a lower degree not only when compared to the product policy but also in comparison to the approach pursued with regard to the international pricing policy. This finding can be considered as interesting and worth being investigated further. Therefore, the marketing infrastructure is explored in terms of the distribution policy and also with regard to the pricing policy. Table 5.27 explores the relation between these aspects.

Table 5.27: Correlation Analysis of Marketing Infrastructure and Distribution Policy/pricing policy

	Pricing	Distribution
Marketing infrastructure	.29**	.43***

*** $p < 0.001$, ** $p < 0.01$, both 2-tailed

As Table 5.27 illustrates a simple correlation analysis was utilised to examine the relationship between the distribution and the pricing mix on the one hand and the marketing infrastructure on the other. Due to the correlation coefficients which yielded a significant level ($p < 0.001$) the finding suggests that the marketing infrastructure has indeed a

significant relationship with the distribution mix and pricing policy. Hence the degree of the distribution (and pricing) standardisation in this study is influenced by the degree of similarity of the marketing infrastructure with regard to the availability of and the access to various aspects such media instruments between the home market and the host market.

Besides, the correlation coefficient is positive in direction which indicates that the higher the degree of similarity of marketing infrastructure between the home market and the host market, the higher the degree of distribution standardisation is. This finding suggests support for predominant notion that the degree of distribution standardisation is indeed the higher the more similar the infrastructure of different markets is (e.g. Müller and Kornmeier, 1995, Meffert and Althans, 1982).

Proposition P 1-4 was explored further by investigating the bivariate correlation between the distribution policy and the pricing policy with regard to each element of the marketing infrastructure to further investigate the findings. Table 5.28 illustrates this exploration by showing the correlation between these two aspects and the elements of marketing infrastructure.

Table 5.28: The Bivariate Correlation between Pricing mix/Distribution mix and Marketing Infrastructure Elements

Marketing Infrastructure	Pricing Mix	Distribution mix
Range of products offered	.29**	.22*
Retail prices of product range	.34**	.17
Availability of media	.23*	.15
Access to televisions	.18	.25*
Access to radios	.08	.31**
Access to printed publications	.17	.29**
Access to the internet	.20	.37**
Availability of distribution channels	.30**	.29**
Customer access to distribution channels	.26*	.24*
Ratio of small to big distribution channels	.17	.10
Availability of skilled marketers	.05	.12
Availability of advertising agencies	.17	.19

**p<0.01, *p<0.05, all 2-tailed

Table 5.28 illustrates for the pricing mix that five of the marketing infrastructure elements yielded a significant level ($p<0.05$ or better). For the distribution mix, seven of the marketing infrastructure elements showed a significant level ($p<0.05$ or better). Thus, the distribution policy has a significant relationship with all elements which refer to the access to media (access to TV sets, radio, printed publication and the Internet). These elements are in nature difficult to control from a corporate perspective, especially when compared to other marketing infrastructure elements such as the range of product offered or the retail prices of the product range.

However, it was argued that both, the pricing and the distribution mix, have a similar level of relationship with the marketing infrastructure elements and in fact, both aspects have significant relationships with three elements and the relationship between the pricing mix and the distribution mix also yielded a significant level: $r=.46$ ($p<0.001$). The partial correlation analysis is utilised to examine the relationship between one of these two elements and the marketing infrastructure elements while the effect of the other one on the marketing infrastructure elements is taken out by holding it constant as shown in table 5.29.

Table 5.29: The Partial Correlation between Pricing Mix/ Distribution Mix and Marketing Infrastructure Elements

Marketing Infrastructure Elements	Pricing	Distribution
Range of products offered	.21*	.10
Retail prices of product range	.30**	.89
Availability of media	.18	.05
Access to televisions	.08	.19†
Access to radios	-.07	.31**
Access to printed publications	.04	.24*
Access to the internet	.04	.32**
Availability of distribution channels	.20†	.18
Customer access to distribution channels	.17	.14
Ratio of small to big distribution channels	.14	.02
Availability of skilled marketers	-.01	.11
Availability of advertising agencies	.10	.12

** $p<0.01$, * $p<0.05$, † $p<0.10$, all 2-tailed

While holding the effect of the distribution mix on the marketing infrastructure elements constant, the pricing mix has significant

relationships with the range of products offered, the retail prices of the product range and the availability of distribution channels ($p < 0.10$ or better). While holding the effect of pricing mix on marketing infrastructure elements constant, the distribution mix has significant relationships with access to TV sets, access to radios, access to printed publications and access to the internet ($p < 0.01$ or better). Nevertheless, it should be of interest to take a closer look on the marketing infrastructure and how similar it is in the German market compared to the overseas markets in this study. Table 5.30 gives an overview on the mean rating of the elements which determine the marketing infrastructure in this study.

Table 5.30: Degree of Similarity of Marketing Infrastructure between the Home Market and the Host Market

Marketing Infrastructure	Mean
Range of products offered	2.64
Retail prices of product range	3.01
Availability of media	2.55
Access to televisions	2.48
Access to radios	2.37
Access to printed publications	2.29
Access to the internet	2.83
Availability of distribution channels	2.60
Customer access to distribution channels	2.66
Ratio of small to big distribution channels	2.94
Availability of skilled marketers	2.92
Availability of advertising agencies	2.71
Mean rating of degree of standardisation.: 1 = identical, 5 = highly different	

Table 5.30 illustrates that the degree of similarity of the marketing infrastructure between the home market and the host market shows a "moderate" level which is close to the midpoint (3.0) of the scale. The access to established media such as printed publications (2.29), to radios (2.37) and the access to TV (2.48) show the highest degree of similarity. With regard to the access to newer media tools such as the internet (2.83) there are less similarities. In contrast to the rather high amount of similarities in terms of the access to established media tools the availability of skilled marketers (2.92), the ratio of small to big distribution channels (2.94) and the retail prices of the range offered (3.01) show a more moderate degree of similarity. In this respect the data confirms that there are differences between the home market and the host market in terms of marketing infrastructure and that certain elements of marketing infrastructure are concerned to different degrees by these differences. This arguably causes certain limitations to standardise their distribution policy internationally especially since the companies have a limited amount of control over the elements of the marketing infrastructure overseas (e.g. Bolz, 1992, Kreutzer, 1989).

Thus, the findings imply that the degree of distribution standardisation is likely to remain more limited to a certain degree than the degree of other marketing programme elements. Its potential for standardisation is comparable to the one of the pricing policy (e.g. Bolz, 1992, Kreutzer, 1989). But by comparing the value of coefficients for the pricing and distribution mix with regard to the marketing

infrastructure it becomes apparent that the strength of correlation and sensitivity of these two marketing programme categories is different. With a value of 0.43, the distribution mix has a stronger relationship with marketing infrastructure than the price mix which has a coefficient value of 0.29.

The distribution mix shows significant relationships with the marketing infrastructure on elements such as access to TV sets, radios, printed publications and the Internet which cannot be controlled by the companies. In contrast to this, the pricing mix has significant relationships with marketing infrastructure elements such as the range of the products offered, the retail prices of the product range and the availability of distribution channels – all elements which the firms have a comparatively high level of control over. In other words, both pricing and distribution mix are influenced by the degree of similarity of marketing infrastructure between the home market and the host market but the distribution mix is more sensitive than the pricing mix, to the elements which companies have a comparative limited amount of control on. This might explain the lower degree of standardisation as found in this study.

Thus, proposition P 1-4 is supported which is illustrated in Table 5.31.

Table 5.31: Summary of Findings regarding Proposition P 1-4

Propositions (P 1)	Findings lend Support	Findings Do not lend Support	Findings lend partial Support	The Degree of Marketing Standardisation
P 1-4	X			The distribution elements have a lower degree of standardisation potential than the product elements by showing a similar standardisation level as the price elements due to their comparable sensitivity towards the marketing infrastructure of the overseas markets (Akaah, 1991, Althans, 1982, Chhabra, 1996, Shoham, 1996, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

The second proposition in terms of the distribution policy concerns the differences with which certain distribution elements are likely to be standardised. Based on the relevant literature the following proposition is suggested.

Proposition P 1-5

Within the distribution elements the "management of the sales force" is likely to be standardised to the lowest degree because of the predominant dependence on different cultural expectations of sales personnel as well as due to differences in market structures (Akaah, 1991, Baden Fuller and Stopford, 1988, Honeycutt and Ford, 1995, Hill et al, 1991, Meyer, 1978).

Table 5.32 illustrates the degree of standardisation in terms of the distribution elements as they were found in this study.

Table 5.32: Degree of Distribution Elements Standardisation

Distribution Elements	Mean
Task(s) of sales force	2.42
Channel(s) of distribution	2.50
Management of sales force	2.62
Geographic concentration of Distribution outlets	2.73
Organisation of sales regions	2.74
Bargaining power of dealers	2.97

Mean rating of degree of standardisation: 1 = identical, 5 = highly different

As table 5.32 suggests the "bargaining power of dealers" appears to be standardised to a moderate to high degree by showing a mean rating of 2.97 on the 5-point-scale. However, it represents the distribution element which is standardised to the lowest degree when compared to the other elements which means that the findings in terms of proposition 1-5 cannot be supported: The "management of sales force" is not the element which is standardised to the lowest degree as the literature suggests.

This finding might be based on similarities of this study with regard to the overseas markets which focus on North America and Europe. The finding might surprise with regard to the European aspect of this study, though, because cultural aspects which arguably influence the expectations and behaviour of the sales force do not appear to be homogeneous (e.g. Müller and Kornmeier, 1996, Honeycutt and Ford,

1995). Therefore, it might be interesting to investigate the relation between some key aspects which the sales force faces and the impact of the bargaining power of dealers. Table 5.33 illustrates this investigation.

Table 5.33: Correlation Analysis of Management of Sales force and Bargaining Power of Dealers with regard to specific structural market aspects

	Management of sales force	Bargaining power of dealers
Education level of managers	.08	.31**
Skill level of workforce	.11	.24*
Industrial structure	.22*	.38***

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, all 2-tailed

As Table 5.33 shows the aspects which the sales personnel faces in this study are further explored by considering two key factors, the "education level of managers" and the "skill level of workforce" while the issue of the "market structure" is represented by the "industrial structure". The strength of the relations between these independent and dependent variables were examined by correlation analysis.

The findings of Table 5.33 indicate that the bargaining power of the dealers has a significant relation with both, the management of the sales personnel and the industrial structure. The findings imply that the higher the degree of similarity in terms of the bargaining power of the

dealers is, the more similar the industrial structure in the markets are and the more similar the management of the sales force.

Briefly, the underlying assumptions in terms of proposition P 1-5 cannot be confirmed. The findings show that the "bargaining power of dealers" is the distribution element standardised to the lowest degree while the "management of the sales force" is not standardised to a comparably low degree as it was expected.

Table 5.34 indicates the end of this section by summarising the results of testing the second proposition referring to the degree of distribution standardisation.

Table 5.34: Summary of Findings regarding Proposition P 1-5

Propositions (P 1)	Findings lend Support	Findings Do not lend Support	Findings lend partial Support	The Degree of Marketing Standardisation
P 1-5		X		Within the distribution elements the "management of the sales force" is likely to be standardised to the lowest degree because of the predominant dependence on different cultural expectations of sales personnel as well as due to differences in market structures (Akaah, 1991, Baden Fuller and Stopford, 1988, Honeycutt and Ford, 1995, Hill et al, 1991, Meyer, 1978).

5.5.3.4 PROMOTION STANDARDISATION

As discussed in chapter two the standardisation of the general promotion policy and the specific communication elements have gained a lot of attention for more than three decades (e.g. Elinder, 1961, Raaij, 1997, Whitelock et al, 1995, De Mooij, 1994, Theis, 1994, Bolz, 1992, Whitelock and Kalpaxoglou, 1991, Whitelock and Chung, 1989).

Due to a variety of benefits associated with a standardised approach towards a promotion policy and previous findings the literature suggests a medium to high potential for a high degree of promotion standardisation especially in comparison to the standardisation of the distribution and pricing policy (e.g. Schuster and Bodkin, 1987, Weinrauch and Rao, 1974). Therefore, the following proposition with regard to the degree of the promotion standardisation was put forward:

Proposition P 1-6

The promotion category will be standardised to a medium to high degree but lower than the product category acknowledging that several advantages can be achieved by a promotion standardisation (Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Müller and Kornmeier, 1996, Ozsmer et al, 1991).

Table 5.35 illustrates the findings with regard to this proposition.

Table 5.35: Promotion and Product Policy Standardisation

	Mean rating
Promotion Policy	2.67
Product Policy	2.28

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

As the results of Table 5.35 imply the participants' companies in this study tend to standardise their promotion mix to a "moderate-to-high" degree but lower than their product policy. Among all four marketing mix categories, the product policy is standardised to the highest degree, whereas the promotion is standardised to the lowest degree which lends support to the findings of Akaah (1991) and Chhabra (1996) who observed similar results.

Nevertheless, the result surprises as there are - at least on conceptual level - a significant number of advantages related to a high degree of promotion standardisation such as a homogeneous brand perception and cost reductions (e.g. Levitt, 1983, Tietz and Zentes, 1980). Moreover, there is a significant number of examples for global approaches towards key communication elements such as the advertising (e.g. Poortinga, 1989, Przeworski and Teune, 1967). Authors like Raaij (1994) illustrate examples such as Coca Cola in American English language which even is used in non-English markets. Therefore, it might be of interest to investigate the

relationships between the promotion mix and some potential advantages which arguably can be achieved by a promotion standardisation. Table 5.36 shows the result of correlation analysis on promotion mix and some advantages.

Table 5.36 The Bivariate Correlation between Promotion mix and Promotion-standardised Advantages

Advantages of a consistent Brand Perception	Promotion mix
Brand name	.33**
Product image	.27*
Warranties	.21*
Advertising message	.47***

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, all 2-tailed

The findings of Table 5.36 indicate that the promotion category had significant relationships with potential advantages of a promotion standardisation. It shows that the promotion category yielded a significant level ($p < 0.05$ or better) with elements related to a homogeneous brand perception: brand name, product image and warranties. This finding lends support to some earlier studies (e.g. Levitt, 1983, Tietz and Zentes, 1980). The promotion category also has a strong relationship ($p < 0.001$) with the advertising message which supports the findings of Poortinga (1989).

However, the standardisation of the promotion policy and specific elements of it seems to be more complex than it might appear initially and might reach beyond the obvious barriers as discussed earlier.

Especially the differentiation between the degree of standardisation between the promotion policy as a whole and the actual implementation on the operational level with regard to the degree of standardisation of specific communication elements seems to be important to explore further (e.g. Peeble and Ryans, 1984, Blach, 1984, Killough, 1980, Roth, 1979, Sorenson and Wiechmann, 1975). Therefore, the finding of the proposition referring to the promotion policy is summarised in Table 5.37 before the standardisation of specific communication elements is explored further.

Table 5.37: Summary of Findings regarding Proposition P 1-6

Propositions (P 1)	Findings lend Support	Findings Do not lend Support	Findings lend partial Support	The Degree of Marketing Standardisation
P 1-6	X			The promotion category will be standardised to a medium to high degree but lower than the product category acknowledging that several advantages can be achieved by a promotion standardisation (Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Müller and Kormeier, 1996, Ozsmer et al, 1991).

Theis (1994) and Tostmann (1985) stress that the promotion policy has to clarify the strategic aspects with regard to the target group and the positioning, the benefit with regard to a unique selling position and the reason why. After having clarified the issue of what should be communicated to whom, the actual execution with regard to the implication for the media planning and thus with regard to the specific promotion elements have to be determined. Thus, the focus of the

communication execution lies on how to achieve the objectives of the promotion policy.

In this context the authors regard the key advertising message as the important aspect of the promotion mix because of its impact on the decisions in terms of verbal (e.g. headlines, slogans, text), visual (e.g. symbols, pictures, colours) and acoustic (e.g. music, language) executions of other promotion elements. Theis (1994) and Tostmann (1985) argue that the advertising message should be standardised to the highest degree within the promotion mix to build the basis for the standardisation of the other communication elements as put forward in proposition P1-7. Table 5.38 explores this proposition.

Proposition P1-7

Within the promotion elements the "advertising message" will be standardised to the highest degree (Akaah, 1991, Bolz, 1992, Beutelmeyer and Mühlbacher, 1986, Kreutzer, 1989, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975, Theis, 1994).

Table 5.38 shows the degree of standardisation of each promotion element, tested on a 5-point scale. Since in this test the lower the mean rating means the higher degree of standardisation, "advertising message" is not the one standardised to the highest degree within promotion elements. With the mean rating of 2.67, this element is implied to be standardised in a "moderate to high" degree.

Table 5.38: Degree of Promotion Elements Standardisation

	Mean
Use of free samples	2.40
Use of display materials	2.51
Use of radio advertising	2.56
Use of TV advertisement	2.57
Use of special events	2.58
Approach to public relations	2.58
Use of customer training	2.59
Types of sales promotion	2.59
Use of personal selling	2.63
Use of printed advertising	2.64
Advertising message	2.67
Use of the internet	2.69
Role of advertising	2.73
Media budget allocation	2.77
Advertising agency used	3.00

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

Within the promotion elements only the role of advertising in general, the media budget allocation, the use of the advertising agency as well as the use of the internet are standardised to a lower extent. Despite the fact that the advertising message is standardised to a rather high degree one could have expected a higher extent for the reasons discussed above. Following the train of thought that the message is of crucial importance for the other promotion elements the findings in terms of the advertising role, the budget allocation and the use of the advertising agency do not surprise. Since the media budget allocation

just reflects the financial implications of the media plan which determines the geographic scope, the time and duration as well as the promotion elements used it is unlikely that it standardised higher than the actual advertising message since they should be related. The same could be argued for the use of the advertising agency and the general role of advertising. If the advertising message is not standardised to a very high extent which means that it is adapted to some degree to local preferences there seems to be a rather limited need to centralise the use of the agency extremely high or the advertising role. All these aspects are likely to be related which is tested in the following. Table 5.39 shows the findings.

Table 5.39 illustrates the relationships between advertising message and each of other promotion elements which were examined by simple correlation analysis. All the correlation coefficients yielded a significant level ($p < 0.1$ or better). The findings of table 5.59 indicate that the advertising message has indeed significant relationships with all of the other promotion elements. Moreover, concerning to the directions of correlation coefficients, all promotion elements have positive relationships with advertising message. Thus, one has to note that the advertising message in this study is standardised to a rather high extent but it is not the promotion element which is standardised to the highest degree within the promotion programme. But it was shown that advertising message has significant relationships with all other promotion elements although there is no evidence that the

standardisation of the advertising message is the basis on which all other promotion elements are built upon.

Table 5.39: The Bivariate Correlation between Advertising Message and other Promotion Elements

	Advertising message
Role of advertising	.38***
Advertising agency used	.25*
Media budget allocation	.34**
Use of TV advertisement	.19 _A
Use of printed advertising	.45***
Use of radio advertising	.27*
Use of the internet	.28**
Approach to public relations	.36**
Types of sales promotion	.46***
Use of display materials	.36**
Use of free samples	.40***
Use of special events	.31**
Use of customer training	.26*
Use of personal selling	.20 _A

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, + $p < 0.10$, all 2-tailed

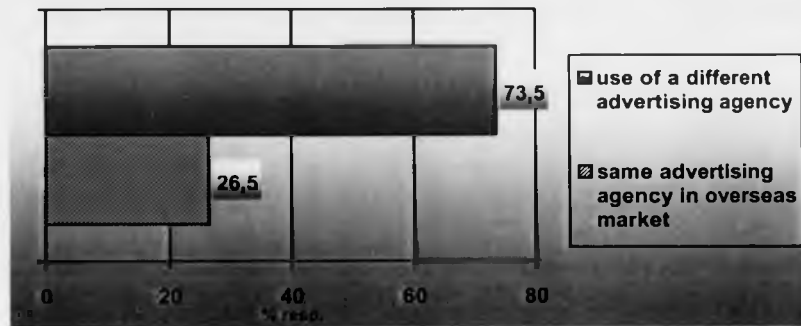
The fact that the German companies tend to standardise their promotion policy to a lower extent than the other marketing mix programmes seem to suggest that they are aware of the risks related to a high degree of promotion standardisation. Kahmann (1972) emphasises with regard to the standardisation of the advertising message that there is a high risk that an advertising message might be

understood by the local target groups in an unplanned way and this might cause undesirable effects.

Several authors (e.g. Keller, 1982, Kahmann, 1972) have suggested that a highly standardised content of promotion elements especially in term of symbols and colours can lead to different interpretations and image positions by the target group due to several aspects as discussed in chapter two but primarily based on cultural aspects. But also differences in the country specific experiences of the customers might have an impact which influence the perception of the customers (e.g. Konradt, 1986, Gorge, 1979).

This might be a reason behind the limited use of one advertising agency which might be less familiar with the culturally-determined cognitive circumstances and the customer specifics of each country market despite the fact that many large advertising agencies have offices in different markets (e.g. Bolz, 1992, Kreutzer, 1989). In this study only about a quarter of the respondents work with the same advertising agency in the chosen overseas market. The majority of the respondents (73.5%) prefer not to co-operate overseas with the same advertising agency which they work with in their home market as Figure 5.3 illustrates.

Figure 5.3: Use of Advertising Agency in Overseas Market



Thus, in practise the cultural differences in the country markets seem to still make a less standardised approach desirable especially since the promotion policy seems to be particularly depended on issues such as the tonality of the specific elements of the communication mix. Several authors have stressed the different dimensions with regard to tonality of the communication elements (e.g. Steffens, 1982, Scheffold, 1987). According to these authors these dimensions can have a rational-informative, humorous, emotional or scientific focus. While promotion activities focusing on the emotional dimension might have a rather high degree of standardisation potential the other dimensions seem to rather limit a high degree of standardisation.

Perre (1986) illustrates the potential in terms of the emotional dimension on the example of Coca Cola which addresses its target group emotionally by suggesting that drinkers of Coca Cola belong to a global group of young and active people which have fun and enjoy themselves while the emotional tonality of Bacardi promotion focuses

on "sun, sand and sea" which appeal to a certain target group rather independently on culture (Raithel, 1987, page 100).

Promotion elements with a focus on humour is far more difficult to standardise because the perceptions regarding humour vary significantly between markets and cultures (e.g. Steffens, 1982, Roth, 1979, Kolde, 1968). So does the customer perception in terms of testimonials as part of the promotion policy. While the testimonial advertising using experts (e.g. sports stars) might have standardisation potential the use of testimonials which are average consumers (e.g. housewives) have its limits with regard to their international appeal (e.g. Nieschlag et al, 1985, Kröber-Riel, 1984, Steffens, 1982).

Despite all these factors which might limit the potential for a high degree of promotion standardisation and the related use of one advertising agency the findings are interesting especially if one takes into consideration that several authors have stressed the potential cost saving from a highly standardised approach towards the promotion policy (e.g. Meffert et al, 1986, Görke, 1985, Althans, 1982).

On the other hand the findings of this study also imply that extremely costly elements of the communication mix such as the use of TV advertising and display materials are standardised to a rather high degree. This finding could suggest that financial resources of the country organisations might be pooled in order to be able to gain from

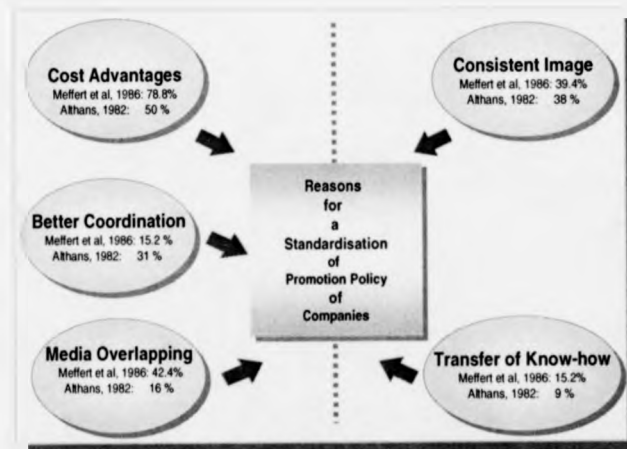
cost benefits with regard to certain extremely costly promotion aspects which therefore have to be standardised to a high degree (e.g. Bolz, 1992, Kreutzer, 1989).

Mussey (1985) illustrates that the use of the tennis player Boris Becker in the promotion mix of Phillips was possible only because different subsidiaries contributed their country budgets to an international campaign budget. The other promotion elements were not concerned by that campaign alliance. Görke (1985) illustrates this point on the example of British Airways (BA) and its TV advertising "Manhattan" which was supposed to position BA as the "world's most favourite airline". Despite significant production costs of the spot BA was able to decrease the share of production costs with regard to its marketing working budget from 17% to 5% because it was used internationally in all target markets. Thus, the findings in this study suggest that the potential of a high degree of promotion standardisation is limited indeed (e.g. Chhabra, 1996). It might be primarily pursued for achieving cost benefits (e.g. Kreutzer, 1989). The communication elements which primarily address other objectives of a communication standardisation such as a consistent image are standardised to a lower degree (e.g. the advertising message) in this study.

This would lend support to previous findings of Meffert et al (1986) and Althans (1982). Both studies are based on the evaluations of international advertising agencies and in both cases the reduction of

costs with regard to the planning and developing costs were the primary reasons for standardised approach (Meffert et al, 1986: 50 % and Althans, 1982: 50 %). In contrast to this, 39.4 % (Meffert et al, 1986) and 38 % (Althans, 1982) considered a consistent image as the primary advantage for pursuing a high degree of promotion standardisation as shown in Figure 5.4.

Figure 5.4: Reasons for Standardised Advertising Activities as judged by International Advertising Agencies (based on Meffert et al.,1986, Althans, 1982)



But with regard to the substantial planning and development costs for TV, radio and print advertising there are other costs involved which related to getting the advertising into the specific medium. Within these categories the costs for placing the advertising vary among countries to quite some extent even within Europe and these differences might have an impact on the degree of promotion

standardisation as well. There are great differences between the markets and the media channels (Scheffold, 1987).

The author stresses that the print channel is very heterogeneously within Europe which is probably based on different consumer reading habits. This makes a standardised approach towards print advertising more difficult than the use of radio advertisement, for example. This is reflected in the findings of this study. But also the importance of the media-overspill aspect in which certain communication mix elements such as radio or TV spots are received across national borders can be considered as of particular impact for this study because Europe was one of the main regions referred to by the respondents. The high degree of standardisation of these elements might be based on the aim of the companies to position themselves in a consistent manner and to reduce the risk of confusing the customers (e.g. Buzzell, 1968, Quelch and Hoff, 1986, Holzmüller, 1986, Steffens, 1982, Grey, 1984).

Moreover, one has to see the findings of this study in terms of the use of printed advertising with regard to the media-overspill issue. As seen in Table 5.38 this element is standardised to a lower extent than the use of TV or radio advertising. This might be based to quite some extent on the different reading habits which already exist between one single region such as Europe. Authors like Kreutzer (1989), Steffens (1982) and Scheffold, 1987) stress this aspect. It is likely to make sense to use regional papers to gain from overspill effects and to be

able to standardise print ads. Chase (1984) illustrates this point by the examples of "Time" , "Newsweek" and the "Wall Street Journal" which offer specific editions for regions such as Europe or Asia. Nevertheless, several authors consider the TV and radio as more appropriate for a standardised promotion approach especially with regard to print advertisement since there is a significant media overlap across Europe (e.g. Scheffold, 1987, Holzmüller, 1982).

The transfer of know-how has arguably played a less significant role in this study since it refers primarily to triad markets which are likely to be quite homogeneous (Ohmae, 1985). The aspect to which extent there are differences in the level of quality and expertise in the overseas operations was not explored further although it is appreciated that the literature suggests benefits from pooling creative aspects of certain promotion elements to achieve a push in quality in less advanced or newly founded overseas operations (e.g. Sorenson and Wiechmann, 1975, Meffert et al, 1986). Table 5.40 ends this section by illustrating the finding with regard to the second proposition of this part.

Table 5.40: Summary of Findings regarding Proposition P 1-7

Propositions (P 1)	Findings lend Support	Findings do not lend Support	Findings lend partial Support	The Degree of Marketing Standardisation
P 1-7		X		Within the promotion elements the "advertising message" will be standardised to the highest degree (Theis, 1994, Akaah, 1991, Bolz, 1992, Beutelmeyer and Mühlbacher, 1986, Kreutzer, 1989, Ozmer et al, 1991, Sorenson and Wiechmann, 1975).

5.6 CONCLUSIONS

This chapter presented and discussed the findings of the first building block of this study. Hence, the discussion focused on the degree of the marketing standardisation within the top 500 German companies. The structure for the discussion was chosen to reflect the structure of chapter two which presented the theoretical background to the propositions as tested in this chapter. Therefore, this chapter focuses on the degree of standardisation while the factors influencing the degree are explored in detail in chapter six.

All companies in this study tend to standardise their marketing programme to a moderate to high degree. The approach of the German companies towards their product policy is standardised to the highest degree whereas the communication policy is standardised to the lowest degree. Thus, the findings of this study regarding the degree of product

standardisation lend support to the findings of many previous studies (e.g. Shoham, 1996, Akaah, 1991, Ozsmer et al, 1991) but they also indicate that the German companies seem to consider carefully potential threats of a highly standardised promotion policy, particularly with regard to the advertising message which potential for standardisation has been regarded as critical before (e.g. Kreutzer, 1989, Konradt, 1986).

Despite a high degree of standardisation in terms of general promotion themes (as indicated by the overall high degree of the promotion policy standardisation in this study) specific communication campaigns seem to require indeed a certain degree of adaptation (e.g. Whitelock et al, 1995, Whitelock and Chung, 1989).

Previous studies (e.g. Shoham, 1995, Bolz 1992) suggest a limited potential for price standardisation but the findings of this study indicate a high degree of standardisation, actually it was following the product policy as the marketing programme category which was standardised to the second highest degree. It showed a similarly high degree of standardisation as the distribution policy which potential for standardisation has been considered as rather limited before (e.g. Müller and Kornmeier, 1995, Shoham, 1995).

The underlying factors which have led to these findings are investigated in the following part, chapter six, while Table 5.41

summarises findings relating to the degree of marketing standardisation in this study.

Table 5.41: Summary of the Degree of Marketing Mix Standardisation

	Mean rating
Product Policy	2.28
Price Policy	2.63
Distribution Policy	2.66
Promotion Policy	2.67

Mean rating of degree of standardisation.: 1 = identical, 5 = highly different

CHAPTER SIX

**RESULTS AND DISCUSSION:
CONTINGENCY FACTORS OF
MARKETING
STANDARDISATION**

**CHAPTER SIX RESULTS AND DISCUSSION:
CONTINGENCY FACTORS OF
MARKETING
STANDARDISATION**

6.1 INTRODUCTION

This chapter presents the empirical findings with regard to the second theoretical building block of this study. Therefore, it focuses on the exploration and discussion of the contingency factors as they were identified in the conceptual framework of Jain (1989). Subsequently, the propositions which relate to the second theoretical block of this study and hence to the external and internal dimension of the underlying framework are analysed.

Therefore, part one of this chapter examines the target market aspects, the market position as well as the key issues concerned with the environment and the nature of product. The second part concentrates on the investigation of corporate orientation, the relationships between headquarters, the overseas operation and the delegation of authority. In the final part of this chapter the findings regarding the performance of the German companies are investigated.

6.2 THE EXTERNAL DIMENSION: TESTING THE PROPOSITIONS

A simple and a multiple correlation analysis was chosen for testing the propositions which test the relationships between the criterion variable and the predict variable(s). In order to utilise the multiple correlation analysis, linear regression models were developed. The main focus of the analysis was placed on testing the degree of relationships between the relevant variables. For the propositions which compare two or more groups on a criterion variable, the T-test analysis (in the two-group comparison case) and the One-Way Analysis of Variance (in the case of three-or-more-group comparisons) were used because the criterion variables under study are measured on an interval level.

6.2.1 TARGET MARKET

With regard to this dimension Jain (1989) focuses on similarities between the home and the overseas market especially in terms of economic indicators and preferences of customers.

The underlying notion is that the higher the degree of similarities is the higher a company can standardise its marketing programme successfully (Jain, 1989, Ohmae, 1985). Therefore, proposition P 2-1 was formulated to explore this assumption.

Proposition P 2-1

Companies are likely to standardise their marketing mix to a higher degree if the customer characteristics and their behaviour in the home market and in the host market are similar (Müller and Kornmeier, 1996, Bolz, 1992, Ozsomer et al, 1991, Huszagh et al, 1985, Jain, 1989, Levitt 1983, Ohmae 1985).

Proposition P 2-1 is tested by both, a simple and a multiple correlation analysis. First of all, the simple correlation analysis is used to examine the degree of relationship between the marketing mix and customer characteristics which is represented by summated scales and shown in Table 6.1. Then the actual strength of the relationships between each marketing mix element and the various customer characteristics categories are investigated by multiple correlation analysis.

Table 6.1: Correlation Analysis of Customer Characteristics associated with Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Customer characteristics	.21 *	.25*	.07	.06

* $p < 0.05$, 2-tailed

The findings in Table 6.1 lend support to proposition P 2-1 with regard to the aspects of the product and pricing mix. Both categories of the

marketing programme show correlation coefficients yielding a significant level ($p < 0.05$). Since the coefficients for both aspects indicate a positive direction, one can conclude that the greater the similarity in the home market and the host market in terms of customer characteristics are, the higher the degree of the product and of the pricing mix standardisation tends to be. In this respect, the finding lends support to previous empirical studies (e.g. Bolz, 1992, Oszomer et al, 1991) as well as to conceptual ones (e.g. Müller and Kornmeier, 1996, Jain, 1989).

On the other hand, the null hypothesis could not be rejected with regard to the other two key elements of the marketing mix, promotion and distribution, because the correlation coefficients for these two categories did not yield a significant level ($p < 0.05$). This indicates that there is not sufficient evidence in this study to confirm that customer characteristics have a significant relationship with the standardisation of the distribution mix and the promotion programme.

To investigate this finding further, a multiple correlation analysis was applied in order to examine the specific relationships between the marketing mix categories and the different aspects of each customer characteristic. Table 6.2 shows the results of this analysis.

Table 6.2: Linear Regression Model of the Influence of Customer Characteristics on the Degree of Marketing Standardisation

Predictor variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
Customer purchasing	.14	1.11	-.01	-.10	.006	.05	.01	.08
Buying criteria	-.17	-1.09	-.07	-.46	.007	.05	.32	2.09*
Purchase frequency	-.28	-1.80†	-.15	-.96	-.082	-.51	-.20	-1.28
Bargaining power	-.002	-.03	.02	.20	.003	.03	-.30	-2.50*
Quality consciousness	.05	.38	.18	1.36	.001	.01	.11	.75
Customer needs	.13	.80	-.07	-.48	-.038	-.25	-.03	-.18
Product loyalty	-.08	-.56	-.06	-.43	.109	.73	.07	.45
Channel loyalty	.47	2.78**	.52	3.18**	.320	1.89†	.25	1.46
Price sensitivity	.08	.56	-.07	-.52	-.312	-2.20*	-.21	-1.52
Geographic concentration	2.9E-04	.002	.09	.68	.185	1.37	-.02	-.17
Model statistics								
R	.409		.463		.435		.419	
R-square	.167		.214		.189		.175	
Adjusted R-square	.056		.110		.080		.065	
F-value model	1.503		2.050		1.730		1.594	
Signif F	.155		.040		.090		.125	

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, † $p < 0.10$, all 2-tailed.

Table 6.2 shows that there are two parts of the marketing mix, the pricing ($p < 0.05$) and the distribution mix ($p < 0.1$), which yield a significant level. This finding is different when compared to the earlier finding tested by simple correlation analysis, shown in table 6.1, which indicated a significant level for the product and pricing mix but not with regard to the distribution and promotion mix. This difference can be explained: While using summated scales to measure a concept, the variables (i.e. marketing mix categories) are summed and their averages are used in the analysis, as discussed in chapter four. The

summated scale considers each marketing mix category with equal weight which means that each category influences the criterion variable equally and thus to the same extent. In contrast to this, with different β values, each category in the multiple regression/correlation analysis has a different weight, which means that each category influences the criterion variable with a different weight.

Table 6.2 also shows that for the product mix, two coefficients yielded a significant level: the frequency with which the customers purchase ($p < 0.1$) and the loyalty towards the distribution channel ($p < 0.01$). This indicates that these two aspects have a significant relationship with the product mix standardisation of German companies. Regarding the other categories, there is not sufficient evidence to reject the null hypothesis since no statistical relationship between the dependent variable and independent variables were found. Therefore, there does not seem to exist a significant relation between the product programme and the other aspects which characterise the customer in this study. Moreover, the direction of the β coefficient shows the direction of relationship between dependent and independent variables. Because of that, the finding implies that if the categories with positive β coefficients are similar in the home market and in the host market, companies would tend to standardise their product mix to a high degree. Particularly, this is the case with regard to the channel loyalty of the customers. On the other hand, a negative β coefficient indicates that the companies would standardise their product

programme to a lower extent. Thus, the firms tend to adapt their product mix specifically with regard to the purchasing frequency of their customers. A similar tendency can be suggested for aspects such as buying criteria of the customers and their loyalty towards the products.

For the pricing mix the correlation is significant overall, with $F=2.05$ ($p=0.04, <0.05$). This finding implies that overall the greater the similarity in the home market and the host market in terms of customer characteristics is, the higher the degree of the product and of the pricing mix standardisation tends to be. However, while investigating the correlation between each aspect of the pricing mix and the predictor variable, there is only one coefficient with a statistical significance level ($p<0.01$). The finding shows that the channel loyalty has a significant relationship with the pricing mix standardisation of the German companies. This finding implies that the companies tend to standardise their pricing policy if the degree of channel loyalty in the German home market and in the chosen host market is similar. Moreover, compared to the weight of the β value for channel loyalty to those of other categories, the positive β value of channel loyalty shows a remarkably strong relationship with the criterion variable. Therefore, the channel loyalty, together with other categories with a positive β value, deleted the negative influence of the categories with a negative β value (which have an inverse relationship with the criterion

variable), and drove the predictor variable towards having a significant correlation with the criterion variable, the pricing mix.

Regarding the distribution policy, overall the correlation was significant ($p < 0.1$). Concerning the different weight of each category of the predictor variable, two aspects, channel loyalty ($p < 0.1$) and price sensitivity ($p < 0.05$) have a comparatively strong influence on the criterion variable. These two aspects both have a significant relationship with the pricing mix. However, the different directions of the β coefficients imply that they influence the pricing mix in opposite directions. With a positive β coefficient, the channel loyalty enjoys a positive relation with the distribution policy which suggests that if the degree of similarity of the channel loyalty in the German market and the overseas market is high, the companies standardise their distribution strategy to a high degree.

On the other hand, the price sensitivity which shows a negative β coefficient appears to influence the distribution standardisation in a negative direction. This implies that even if the degree of similarity in terms of price sensitivity is high in the German home market as well as in the host market, a company would still standardise its distribution mix to a lower degree as suggested by Bolz (1992) and Kreutzer (1989). From an overall analytical perspective, the pricing and distribution policy (with β values of almost equal weight but heading

in different directions) mutually weaken their power of influence on the criterion.

For the promotion mix, two elements of the customer characteristics and behaviour showed a significant relation. The buying criteria of the customers and their bargaining power (both $p < 0.05$). Nevertheless, the opposite directions of their β coefficients indicate that they tend to influence the promotion mix standardisation in different directions. The finding suggests that a German company is likely to standardise its promotion policy to a higher degree if the buying criteria of the customers in the home market and in the host market are similar. However, the firms would adapt their promotion mix to a higher degree even if the bargaining power of the customers appears to be similar. Table 6.3 summarises the key findings regarding proposition P 2-1.

Table 6.3: Summary of Findings regarding Proposition P 2-1

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-1			X (product, price)	Companies are likely to standardise their marketing mix to a higher degree if the consumer characteristics and their behaviour in the home market and in the host market are similar (Müller and Kornmeier, 1996, Bolz, 1992, Ozsomer et al, 1991, Huszagh et al, 1985, Jain, 1989, Levitt 1983, Ohmae 1985).

The last finding can be linked to differences in economic aspects which the firms might like to adapt to differently in different markets. Even if the bargaining power of customers is comparable in different markets it might be that certain markets potentially offer higher sales due to a higher degree of economic wealth. However, the literature (e.g. Chhabra, 1996, Shoham, 1996) implies that a high degree of similarity should favour a high degree of marketing standardisation as it was proposed in proposition P 2-2 and explored in Table 6.4.

Proposition P 2-2

Companies are likely to standardise their marketing mix to a higher degree if the economic factors in the home market and in the host market are similar (e.g. Müller and Kornmeier, 1996, Chhabra 1996, Shoham, 1996, Bolz, 1992, Jain 1989, Levitt 1983, Ohmae 1985).

Table 6.4: Correlation Analysis of Economic Factors associated with Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Economic factors	-.01	.02	.09	.17

The findings as illustrated in Table 6.4 reveal that there is not a significant relationship between the criterion variables and the predictor variable of this proposition. Therefore, the notion of this proposition could not be confirmed with regard to the German

companies in this study. Since this finding came to a certain surprise the standardisation aspect with regard to the economic similarities and differences was explored further. Several authors argue that there might be differences with regard to the host market and the degree of feasible marketing standardisation (e.g. Hill and Still 1984, Ohmae 1985 and Wang 1996). Most respondents in this study referred to the European and to the North American market. Therefore, potential differences with regard to these two preferred markets in this study were explored in Table 6.5.

Table 6.5: T-test Analysis of the Degree of Marketing Mix Standardisation between EU market and North American market

	Number Of Cases		Mean		T	Sig. Difference (2-Tailed)
	EU	NA	EU	NA		
Product	22	28	2.02	2.29	-1.35	.184
Pricing	22	28	2.66	2.82	-.74	.463
Distribution	22	28	2.58	2.54	.19	.852
Promotion	22	28	2.33	2.78	-2.08	.043*

Group 1: EU Countries

Group 2: North American market

Mean rating: 1 = identical, 5 = highly different; *p<0.05, 2 tailed

The T-test analysis of Table 6.5 - in which Group 1 included the markets of the European Union while Group 2 represented the USA and Canada - reveal that there is no significant difference on the degree of standardisation on product, pricing and distribution activities between companies which operate in EU countries and those operating in North America. As Table 6.5 shows, this lends a certain degree of

support to the findings of Table 6.4. The only exception emerges with regard to the aspect of promotion policy since the coefficient for the promotion mix yielded a significant level ($p < 0.05$). Based on the negative t value, the finding implies that the German companies which operate in the EU markets seem to be more likely to standardise their promotion activities to a high degree, compared to those enterprises referring to the North America market.

Some authors argue that companies are more like to standardise their marketing mix to a high degree in industrialised countries (i.e. Japan, North America and Europe) than in developing countries (Hill and Still 1984, Ohmae 1985 and Wang 1996). This notion would be interesting to examine but based on the choice of the respondents it could not be tested in this study.

Based on the literature review one could have expected some support for proposition P 2-2. Therefore, the economic factor was broken down into different categories and a multiple correlation analysis was applied to examine the relationships between the key marketing mix categories and the various aspects of the economic dimension in more detail. Table 6.6 illustrates the findings of the final exploration of the economic aspect.

Table 6.6: Linear Regression Model of the Influence of various Economic Factors on the Degree of Marketing Mix Standardisation

Independent Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
GDP	.14	.69	-.13	-.64	-.02	-.09	.17	.84
GDP growth	-.13	-.69	-.04	-.24	-.23	-1.27	-.30	-1.71†
Unemployment rate	-.06	-.49	.02	.15	-.003	-.03	.49	.62
Inflation	.17	.89	-.07	-.39	.05	.24	-.53	-.60
Purchasing power of customers	-.06	-.41	-.22	-1.46	-.02	-.13	.86	.39
Interest rate	-.08	.35	.43	1.85†	.28	1.20	.99	.32
Model statistics								
R	.164		.263		.262		.287	
R-square	.027		.069		.069		.082	
Adjusted R-square	-.047		-.002		-.003		.013	
F-value model	.365		.978		.958		1.181	
Signif F	.899		.446		.459		.325	

†p<0.10, 2-tailed.

The findings suggest there are two coefficients which yielded a statistical significance level: the GDP growth rate ($p<0.1$) with regard to the pricing policy and the interest rate ($p<0.1$) in terms of the standardisation of the promotion mix. This implies that the German companies are likely to standardise their pricing policy to a high degree if the interest rates in the home market and in the chosen host market are similar. But in contrast to this, the negative β coefficient for the GDP growth rate indicates that even if the GDP growth rate in the home market and in the host market are similar, the German companies would standardise their promotion policy to a lower degree.

This finding as well as the finding in terms of the bargaining power suggest that the German companies are willing to adapt some specific elements of their promotion policy to local needs although the previous analysis illustrated that the degree of the entire policy standardisation appears to be rather high. Nevertheless, the strong consideration of these customer characteristics contributes to the observation that the German companies tend to standardise their promotion policy to a lower degree than the other marketing programme categories. Table 6.7 gives an overview on the key findings regarding proposition P 2-2.

Table 6.7: Summary of Findings regarding Proposition P 2-2

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-2		X		Companies are likely to standardise their marketing mix to a higher degree if the economic factors in the home market and in the host market are similar (e.g. Müller and Kornmeier, 1996, Chhabra 1996, Shoham, 1996, Bolz, 1992, Jain 1989, Levitt 1983, Ohmae 1985).

6.2.2 MARKET POSITION

The literature review in terms of the market position concluded that this aspect focuses primarily on market developments, market conditions and competition (e.g. Meffert, 1991, Quelch and Hoff, 1986). A high degree of similarity between home and host market should enable the firms to standardise successfully their international marketing activities to a high degree (e.g. Jain, 1989). This notion was investigated first before the key aspects related to the market position were explored.

Proposition P 2-3 reflects the key notion with regard to the market position which is examined in Table 6.8.

Proposition P 2-3

Companies are more likely to standardise their marketing mix to a higher degree when their market position in the home and host markets are similar with regard to their market share (e.g. Meffert and Bolz, 1995, Müller and Kornmeier, 1995, Henzler and Rall 1986, Jain 1989, Sorenson and Wiechmann, 1975).

Table 6.8: Correlation Analysis of Market Position associated with Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Market Position	.25*	.17	.25*	.01

* $p < 0.05$, 2-tailed.

The findings of Table 6.8 suggest that two relation coefficients yielded a statistically significant level ($p < 0.05$). For the product policy and for the distribution programme, the null hypothesis was rejected because there is a significant correlation between the market position and the standardisation of the product policy mix as well as with regard to the distribution mix. Thus, German companies are more likely to standardise their product programme and their distribution policy, if their market position in the chosen host market is similar to the German home market. With regard to these two aspects of the marketing mix, proposition P 2-3 could be supported although the degree of both relationships are not very strong since the correlation coefficients (r) show a value which is below 0.4.

In contrast to this, Table 6.8 also indicated that for the pricing category and for the promotion programme, there is no evidence to support the proposition, since the correlation coefficients did not yield a significant level. Based on this investigation the notion of proposition P 2-3 cannot be strengthened in terms of the price and promotion

aspect. But if one was to explore this notion on the specific level of the actual groups defined by their market share, the notion could be confirmed for the promotion category – at least with regard to the group of companies which have an extremely high market share of over 50 per cent. Table 6.9 illustrates this by presenting the findings in terms of the degree of the marketing standardisation and the specific market share groups in the chosen host market.

Table 6.9: Degree of Marketing Standardisation with regard to Market Share in the chosen Host Market

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Mean	2.20	2.64	2.52	2.63	3.09
Std	.78	.84	.85	.78	.75
11-20% (2)					
Mean	1.95	2.64	2.51	2.42	3.19
Std	.62	.65	.69	.71	.66
21-30% (3)					
Mean	2.30	2.83	2.67	2.61	3.29
Std	.78	.85	.62	.63	.83
31-40% (4)					
Mean	1.94	2.88	2.38	2.57	2.93
Std	.61	.60	.72	.62	.59
41-50% (5)					
Mean	2.16	2.19	2.92	1.30	3.18
Std	.71	.82	.59	.68	.65
51 and over (6)					
Mean	3.00	3.50	3.50	3.70	3.96
Std	.60	.71	.71	.55	.53
F Ratio	1.12	.74	.64	2.46*	.73
LSD test				1,2,3,4,6>5	
Dunan test				6>1,2,5	
Tukey HSD test				1,2,3,6>5	
Scheffe test				6>1,2,5	
				6>5	
				None	

* $p < 0.05$

"None" means "No two groups are significantly different at the 0.10 level".

By exploring proposition P 2-3 on the level of the actual market share, the findings of Table 6.9 do not lend support to proposition P 2-3. It cannot be supported with regard to the product, pricing and the distribution policy. The notion that the market share influences the degree of the standardisation in the proposed way can not be strengthened with regard to the marketing process either.

But the F statistics for the promotion policy of the marketing mix yielded a significant level which implies that there is a significant difference among the means of the tested groups in terms of this category. The mean of group 6 is identified by three post hoc methods to be significantly greater than the mean of group 5. This finding indicates that the German companies which enjoy the highest possible market share in this study (of more than 50%) in their chosen host market are significantly more likely to adapt their promotion activities to a higher degree than the firms of group 5 with a fewer market share.

Thus, the findings of Table 6.9 suggest that while the degree of the standardisation of most marketing elements seem not to be influenced by the market share of the German companies, the most firms with a high market share overseas put great effort into meeting the local market requirements with regard to their promotion mix.

Since these findings are mixed with regard to the entire marketing programme it was considered to be interesting to assess the relation

between the standardisation of the international marketing activities mix and the position of the companies in terms of a market leadership or an average market position. Table 6.10 shows the findings with regard to this relation which also includes the marketing process activities in addition to the marketing programme.

Table 6.10: Degree of Marketing Standardisation with regard to Market Position in the Home Market

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Market leader (1)					
Mean	2.28	2.74	2.63	2.54	3.16
Std	.79	.74	.77	.72	.66
Market challenger (2)					
Mean	2.16	2.83	2.59	2.83	3.42
Std	.61	.58	.70	.58	.63
Average market position (3)					
Mean	2.44	2.63	2.76	2.53	2.76
Std	.72	.76	.72	.71	.60
F Ratio	.74	.44	.26	1.58	5.73**
LSD test					1,2>3
Duncan test					1,2>3
Tukey HSD test					2>3
Scheffe test					2>3

**p<0.01

"None" means "No two groups are significantly different at the 0.10 level.

As Table 6.10 indicates there is not a significant difference on the degree of marketing mix standardisation among the groups in different market positions. Thus, it does not seem to make a difference whether a company is in a market leading position or in a weaker position. This might surprise because one could have argued with regard to German firms that a strong market position and thus great market power in

their home market makes a high degree of marketing standardisation more likely than in companies which just enjoy an average or weak position. Such a notion could have been derived from findings of authors like Shaw (1994) who found a predominant attitude of German companies to consider their products which are successful in the home market almost automatically as good enough for all other markets primarily based on the sophistication of German buyers and the quality of their products.

Moreover, Table 6.10 indicates an interesting finding regarding the degree of standardisation of the marketing process. The findings imply that there is a significant difference on the degree of the marketing process ($F=5.73$, $p<0.01$) among the compared groups. All the utilised post hoc methods identified that the mean of market challengers is significantly greater than the one of the group representing firms with an average market position. This suggests that the German companies which are in an average market position in the home market are more likely to standardise their marketing process elements than those which are the market challengers in their market.

In other words German companies which are less successful in terms of their market position in their home market tend to follow a more standardised and formal approach towards their marketing process which might be over-standardised and thus not flexible enough when

compared to more successful competitors (e.g. Shoham, 1995, Bolz, 1992, Kreutzer, 1989).

Although the above analysis indicates that the impact of the market position on the degree of standardisation seems to be limited a final analysis was conducted to confirm these findings. Since the exploration of Table 6.10 concentrated on the market position of the firms in the German market the issue was also examined with regard to the market position in the host markets. A significant relationship of the relevant aspects could not be found in the home market. Therefore, it was analysed whether there are significant differences in terms of the degree of the marketing standardisation and the market position in the chosen host market.

Table 6.11 shows the exploration of this notion.

Table 6.11: Comparison of the Degree of Marketing Standardisation with regard to the Market Position in the chosen Host Market

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Market leader (1)					
Mean	2.13	2.50	2.64	2.30	3.54
Std	.54	.77	.47	.98	.74
Market challenger (2)					
Mean	2.05	2.59	2.52	2.42	3.18
Std	.73	.80	.79	.67	.71
Average market position (3)					
Mean	2.25	2.86	2.83	2.62	3.21
Std	.69	.74	.79	.74	.74
Weak position (4)					
Mean	2.01	2.62	2.27	2.71	3.05
Std	.83	.78	.85	.70	.67
F Ratio	.41	.70	1.51	.84	.76
LSD test					
Duncan test					
Tukey HSD test					
Scheffe test					

None means "No two groups are significantly different at the 0.10 level"

Table 6.11 indicates that the assumption that the market leadership or another position in the host markets does indeed not have an influence on the degree of the marketing programme or process standardisation. This can be stated for this study because Table 6.11 shows that none of the F statistics yielded a significant level. This implies that there are not statistically significant differences existing between the different groups investigated. Overall, the findings regarding proposition P 2-3 lend partial support as illustrated in Table 6.12.

Table 6.12: Summary of Findings regarding Proposition P 2-3

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-3			X (product, distri- bution)	Companies are more likely to standardise their marketing mix to a higher degree when their market position in the home and host markets are similar with regard to their market share (e.g. Meffert and Bolz, 1995, Müller and Kornmeier, 1995, Henzler and Rall 1986, Jain 1989, Sorenson and Wiechmann, 1975).

6.2.2.1

COMPETITIVE ASPECTS

The importance of competitive aspects with regard to a standardisation of marketing activities was emphasised in chapter three. Several authors have addressed this issue (e.g. Bolz, 1992, Quelch and Hoff, 1986). Jain (1989), for example, expects that fierce competition limits the standardisation potential while a limited extent of competitive threats should favour a high degree of standardisation. This assumption was put forward in proposition P 2-4.

Proposition 2-4

Companies are more likely to standardise their marketing mix to a higher degree when the level of competitive rivalry is low (e.g. Bolz, 1992, Ozsmer et al, 1991, Jain, 1989, Kreutzer, 1989, Quelch and Hoff, 1986).

This proposition was explored in terms of two aspects in order to acknowledge the complexity as well as the importance of competition. Therefore, not only the level of the competitive rivalry in the chosen host markets was examined but also the level of competition in the chosen host market in comparison to the competition which the firms face in their German home market. The findings regarding the first issue are presented in Table 6.13.

Table 6.13: Correlation Analysis of Competition in the Host Market and Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Competition	.30**	.14	.23*	.16

** $p < 0.001$, * $p < 0.05$, both 2-tailed.

Table 6.13 shows the correlation between the level of competitive rivalry in the host market and the degree of the marketing mix standardisation. For the crucial aspects of the product and distribution programme the correlation coefficients yielded a significant level ($p < 0.05$, or better). The null hypothesis which assumed that there is no correlation between the criterion and the predictor variables is therefore rejected. Hence, the findings of Table 6.13 imply that the German companies in this study tend to standardise their product mix and their distribution policy to a higher extent when they do not face a high degree of competition in their chosen overseas market. This finding suggests partial support for the proposition, the conceptual

notion of authors like Kreutzer (1989) and Quelch and Hoff (1986) and some empirical results (e.g. Bolz, 1992, Oszmer et al, 1991). But for the pricing policy and the promotion programme, there is not sufficient evidence to reject the null hypothesis since the correlation coefficients did not indicate a significant level. Therefore, one has to conclude that there is not a significant relationship between the level of the competitive rivalry and the degree of pricing policy. The same appears to be the case with regard to the promotion mix.

When finding themselves in a comfortable position in terms of the competition in the overseas markets, the German companies seem to primarily believe their product and distribution programme to be good enough to be able to neglect major adaptations to the international markets. With regard to the product policy this finding could be interpreted as further support for the great confidence that German companies tend to have with regard to their product programme (e.g. Shaw, 1994). An at least perceived superiority in terms of their products in combination with a lack of competitive substitutes seems to enable the German firms to put less effort into the difficult task to adapt their distribution policy overseas while their promotion and pricing seems to be unrelated to these aspects.

But do other competitive aspects play an important role in terms of the marketing standardisation? How does the degree of similarity or difference between the competitive situation in the host and home

market affect the standardisation decision of the German management? Does this aspect play an important role at all within the German companies and if so, what relations can be discovered. This aspect of competition was explored in Table 6.14.

Table 6.14: Correlation Analysis of Competition in the Host and Home Market associated with Marketing Mix Standardisation

Predictor Variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Competition comparison	.07	.03	.05	.08

Table 6.14 illustrates the correlation between the level of competition in the host market compared to the German market and the marketing mix activities. Based on the findings of this investigation which detected no statistically significant relationships regarding these aspects it seems that similarities and difficulties in terms of the competition in home and host market do not affect the decision of the German firms to standardise their international marketing activities.

If the similarities or dissimilarities of the nature of competition does not influence the standardisation decision of the German firms maybe the nature of the actual competitors does. Previous research (e.g. Simon 1992, Shaw 1994) as well as the findings of chapter five suggest a general tendency of German companies to focus on other German firms as their main competitors overseas. Hence one could

theoretically assume that the nationality of the competitors in the overseas markets might have an impact on the marketing standardisation decision.

Therefore, this assumption was explored to investigate whether differences can be observed with regard to the degree of the marketing standardisation of the German firms and the nationality of their main competitors in the host markets.

This notion was tested by an One-way ANOVA analysis. The German companies were divided into three groups based on the nature of their main competitors. One group represented the firms which primary face local companies overseas while the second group represented the German firms with an approximately equal proportion of local and foreign competitors in their host markets. The third group included the German firms which mainly perceive other foreign companies as their main competitors overseas.

Table 6.15 presents the findings of this examination.

Table 6.15: Nature of Main Competitors associated with the Degree of Marketing Mix Standardisation

Compared groups (group no.)	Product	Pricing	Distribution	Promotion
Mainly local firms(1)				
Mean	2.20	2.77	2.48	2.53
Std	.78	.78	.99	.76
Equal proportion (2)				
Mean	2.62	3.02	2.94	2.95
Std	.63	.51	.56	.45
Mainly other foreign firms (3)				
Mean	2.01	2.47	2.55	2.40
Std	.64	.73	.70	.76
F Ratio	6.13**	5.00**	3.18*	5.47**
LSD test	2>1,3	2>3	2>1,3	2>1,3
Duncan test	2>1,3	2>3	2>1,3	2>1,3
Tukey HSD test	2>3	2>3	None	2>1,3
Scheffe test	2>3	2>3	None	2>3

**p<0.01, *p<0.05

"None" means "No two groups are significantly different at the 0.10 level.

Table 6.15 indicates that there are significant differences among the various groups with regard to the different aspects of the marketing mix. For the product, pricing and promotion programme, all four post hoc procedures of this analysis identified that the mean of group 2 (companies with an equal proportion of local and other foreign competitors) is significantly greater than the one of group 3 which primarily competes with other foreign companies. This implies that the companies that face primarily other foreign companies as their main competitors in the host market are more likely to standardise their product, pricing and promotion mix to a high degree than those firms which face mainly competitors both from local and other foreign countries.

This could be interpreted as the perceived opportunity to neglect a high degree of adaptation to local needs and wants of overseas customers if local competitors – which potentially might be able to know local requirements to a higher degree than foreign firms - appear to be absent.

For the distribution policy, the mean rating of group 2 was identified by the LSD and Duncan test to be significantly greater than the means of the other two groups. This suggests that the German companies which face first of all competitors both from local and other foreign countries are more likely to standardise their distribution mix to a high degree than those companies with main competitors that are either from the local market or from other foreign nations. In fact, both methods - the LSD and the Duncan test – indicated that the German companies which face mainly competitors both from local and foreign markets are more likely to pursue a high degree of standardisation not only on their distribution mix but also on the product and promotion mix. This is when they are compared to the companies with primarily competitors from either local or other foreign countries.

Thus, a competition overseas which is characterised by competitors which have the advantage of local expertise while other international competitors might pursue the same objectives as the German firms, tends to force the firms to gain from benefits based on a high degree of marketing standardisation. Only the price policy seems to be perceived

as too sensitive by the German firms to be standardised to the same high degree when they face a competitive situation in the above way.

Table 6.16 summarises the key findings regarding proposition P 1-4.

Table 6.16: Summary of Findings regarding Proposition P 2-4

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-4			X (product, distri- bution)	Companies are more likely to standardise their marketing mix to a higher degree when the level of competitive rivalry is low (e.g. Bolz, 1992, Ozsmer et al, 1991, Jain, 1989, Kreutzer, 1989, Quelch and Hoff, 1986).

6.2.2.2

MARKET CONDITIONS

Different market conditions are another crucial aspect which can influence the market position of a company (Bolz, 1992, Jain, 1989).

As discussed in chapter two the key determining issue in terms of the market conditions seems to be the impact of different cultures on the perceptions of customers (e.g. Sorge, 1995, Cooper and Cox, 1989, Osigweh, 1989). The key notion in terms of the marketing standardisation is that a high degree of similarity with regard to the perception of the target group, the customers, which arguably is based on cultural similarity favours an international marketing strategy characterised by a high degree of marketing standardisation (e.g. Bolz,

1992, Jain, 1989, Kreutzer, 1989). This notion is reflected in proposition P 2-5 and investigated in Table 6.17.

Proposition P 2-5

The more similar the target groups are with regard to the customers' perception in the chosen overseas market the higher the degree of standardisation of the marketing mix (e.g. Roth, 1995, Bolz, 1992, Jain, 1989, Kreutzer, 1989).

Table 6.17: Correlation Analysis of the Target Customers' Perceptions and the Degree of Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Customer perception	.38***	.31**	.41***	.30**

*** $p < 0.001$, ** $p < 0.01$, both 2-tailed

The findings of Table 6.17 illustrate that there are significant relationships between the customer perception and the different categories of the marketing programme because the correlation coefficients of the market mix all showed a significant level ($p < 0.01$ or better). Thus, the findings lend support to proposition P 2-5. The result implies that the perception of the customers influences every key aspect of the marketing programme.

Furthermore, all correlation coefficients were found to be positive in direction. Because of that one can conclude that German companies

are more likely to pursue a high level of standardisation on each aspect of their marketing mix if the target customers' perceptions in the host market are similar to the customer perception in the home market.

Having explored the actual impact of the customer perception on the degree of the international marketing standardisation it was regarded as interesting to investigate the underlying determining aspects of the customer perception. Therefore, the cultural aspects were considered as well.

Kreutzer (1989) and Meffert (1991) assume that the greater the similarity in the home market and in the host market is in terms of socio-cultural characteristics, the higher the degree of a marketing mix standardisation should be. This assumption was explored in Table 6.18.

Table 6.18: Correlation Analysis of Socio-cultural Characteristics and the Degree of Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Socio-cultural characteristics	.25*	.30**	.32**	.30*

**p<0.01,*p<0.05, both 2-tailed

As can be seen from Table 6.18 the correlation coefficients of the different market mix categories all yielded a significant level ($p < 0.05$)

or better). The findings support the above assumption of authors like Bolz (1992) and Kreutzer (1989) as well as it highlights the general notion of authors like Lipman (1988) who stresses that culture influences every aspect of marketing.

The correlation coefficients are all positive which indicates that German companies are more likely to pursue a high level of standardisation on each key aspect of the marketing programme if the socio-cultural characteristics of the host market are similar to this aspect in the home market.

Because of the impact that these cultural characteristics arguably have on the behaviour of customers this aspect was investigated as well. Based on previous research in this area (e.g. Parameswaran and Yaprak, 1987, Schiffman et al, 1981) one could assume that the greater the similarity in the home and host markets in terms of the customers' behaviour is, the higher is the chance that the degree of a marketing mix standardisation is high as well.

Table 6.19 presents the findings regarding this assumption.

Table 6.19: Correlation Analysis of the Target Customers' Behavioural Profile and the Degree of Marketing Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Target customers' behavioural profile	.29**	.31**	.24*	.36**

**p<0.01, *p<0.05, both 2-tailed

Based on the relation between the socio-cultural characteristics of the customers and the marketing mix the findings regarding the customer behaviour lend support to the above notion. The correlation coefficients of all key categories of the international market mix indicated a significant level ($p < 0.05$ or better). These findings imply that the behavioural profile of the target customers such as their usage rate, for instance, influences all aspects of marketing programme standardisation. Moreover, the positive correlation coefficients indicate the positive relationships between the variables. Therefore, it can be concluded that German companies tend to pursue a high level of standardisation on each key aspect of the marketing mix, if the target customers' behavioural profile of the host market is similar to this aspect in the German market.

In order to further investigate these findings a final analysis was conducted with regard to the impact of cultural aspects on the degree of marketing standardisation in German companies. Therefore, the aspect of the psychographic profile of the target customer was

included in the analysis. The underlying notion is that the psychographic profile influences aspects such as the lifestyle of target groups. As in the above cases one could expect that the greater the similarity in the markets in terms of the psychographic profile of the target group is, the higher should be the degree of marketing mix standardisation which the companies can implement (e.g. Bolz, 1992, Britt, 1974).

In particular, the psychographic profile with regard to the life style of the target customer in the home and host market was explored in terms of its impact on the degree of standardisation as illustrated in Table 6.20.

Table 6.20: Correlation Analysis of the Target Customers' Psychographic Profile and Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Target customers' psychographic Profile	.29**	.29**	.39***	.32**

***p<0.001, **p<0.01, both 2-tailed

The psychographic profile of the target customers could be identified as having significant relationships with every category of the marketing programme, at the 0.01 level. These findings imply that aspects of the psychographic profile such as the lifestyle influences all aspects of the marketing mix in a positive direction. Therefore, one can state that German companies are more likely to pursue a high

degree of standardisation on their marketing mix activities if the target customers in terms of their psychographic profile in the host and home market are similar. All these findings stress the importance of the cultural aspect with regard to the degree of the marketing programme standardisation which was conceptually highlighted in chapter two.

Table 6.21 illustrates the key findings regarding this section.

Table 6.21: Summary of Findings regarding Proposition P 2-5

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-5	X			The more similar the target groups are with regard to the customers' perception and preference in the chosen overseas market the higher the degree of standardisation of the marketing mix (e.g. Roth, 1995, Bolz, 1992, Jain, 1989, Kreutzer, 1989).

6.2.2.3

MARKET DEVELOPMENT

The final aspect of the market position dimension of Jain (1989) which is tested is the market development. As described earlier authors like Terpstra (1967) suggest that a convenient way of explaining market development is through the product life cycle (PLC) concept. As discussed in chapter two the general assumption here is that the greater the similarity between the home market and the host market in terms of the market development and life cycle is, the higher

is the degree of marketing standardisation which companies can successfully pursue (e.g. Akkah, 1991, Ozsmer et al, 1991). Therefore, proposition P 2-6 was formulated to reflect this notion and as it was explored in Table 6.22.

Proposition P 2-6

Companies tend to standardise their marketing mix to a high degree if the product life cycle in home and host market is similar (Bolz, 1992, Ozsmer et al, 1991, Akkah, 1991, Jain, 1989, Kirplani, 1985, Kirplani and Macintosh, 1980, Sorenson and Wiechmann, 1975).

Table 6.22: Correlation Analysis of Product Life Cycle (PLC) and Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
PLC	.22*	.09	.15	-.06

* $p < 0.05$, 2-tailed

Table 6.22 shows that the findings lend support to proposition P 2-6 with regard to the product programme of the German companies as the correlation coefficient with a significant level ($p < 0.05$) indicates. Since the coefficient is positive in direction, the product life cycle appears to have a positive relationship with the product policy.

In other words, the greater the degree of similarity of the PLC in the markets, the higher the German firms tend to standardise their product

programme. This finding also implies that if an overseas market is in a different stage of market development than the German home market, appropriate adaptations in terms of the product mix may be needed to match the market requirements while the other marketing mix categories do not seem to be influenced by the PLC aspect. Table 6.23 summarises the key finding.

Table 6.23: Summary of Findings regarding Proposition P 2-6

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-6		X		Companies tend to standardise their marketing mix to a high degree if the product life cycle in home and host market is similar (Bolz, 1992, Ozsmer et al, 1991, Akkah, 1991, Jain, 1989, Kirplani, 1985, Kirplani and Macintosh, 1980, Sorenson and Wiechmann, 1975).

6.2.3 NATURE OF PRODUCT

The nature of product is another factors which influence the degree of marketing mix standardisation. Jain (1989) argues that the degree of the marketing standardisation varies with the nature of the product and that there are two product aspects which are primarily relevant: the type of product and the product positioning.

6.2.3.1 TYPE OF PRODUCT

Proposition P 2-7 was put forward to reflect the assumption regarding the type of product while proposition P 2-8 presents the underlying notion regarding the product positioning.

Proposition P 2-7

Companies which operate in consumer markets are less likely to standardise their marketing programme than companies which are involved in marketing industrial goods (e.g. Chhabra, 1996, Cavusgil et al, 1993, Hill and Kwon, 1992, Samiee and Roth, 1992, Jain, 1989, Boddewyn et al, 1986).

In order to investigate proposition a t-test was conducted as illustrated in Table 6.24.

Table 6.24: T-test Analysis of Type of Product and Marketing Mix Standardisation

	Number Of Cases		Mean		T	Sig. Difference (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Product	42	27	2.34	2.25	.54	.588
Pricing	42	27	2.83	2.67	1.31	.196
Distribution	42	27	2.67	2.57	-.04	.971
Promotion	42	27	2.60	2.54	.34	.738

Group1: consumer goods, Group2: industrial goods

Mean rating: 1 = identical, 5 = highly different

As Table 6.24 indicates the findings regarding proposition 2-7 do not lend support to the assumption that the companies tend to standardise

industrial goods to a higher degree than consumer goods. This is based on the finding that there were not any significant differences in terms of the degree of the marketing mix standardisation and the nature of products when testing proposition P 2-7 by a T-test analysis.

The proposition was explored further in order to further validate this finding. In addition to the two groups of the firms offering industrial (business to business) and consumer (business to end-user) goods the companies were differentiated further. Companies which primarily provide services, in this study this relates exclusively to financial services, were allocated in a separate group in order to explore in more detail whether there is an impact of the particular groups on the degree of the marketing standardisation.

In terms of the marketing activities the marketing process was added in the analysis to examine whether above findings could not only be applied to the marketing programme but also to the process activities. Table 6.25 shows the findings of this exploration.

Table 6.25: Degree of Marketing Standardisation with regard to the Type of Industry

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Consumer goods (1)					
Mean	2.34	2.83	2.67	2.59	2.98
Std	.65	.66	.73	.69	.59
Industrial goods (2)					
Mean	2.25	2.67	2.57	2.54	3.18
Std	.73	.75	.85	.73	.64
Services (3)					
Mean	2.21	2.71	2.79	2.88	3.50
Std	.81	.77	.85	.66	.71
F Ratio	.24	.47	.41	1.36	4.21*
LSD test					3>1
Ducan test					3>1
Tukey HSD test					3>1
Scheffe test					3>1

* $p < 0.05$

The findings as presented in Table 6.25 confirm the findings of the initial analysis. Thus, proposition P 2-7 cannot be supported in this study neither with regard to the marketing programme nor in terms of the marketing process.

An interesting observation of this analysis can be made with regard to the F statistics which yielded a significant level ($p < 0.05$). The results of the post hoc procedures show that the mean of group 3 (service providers) is significantly greater than the mean one of group 1 which represents the German companies which offer consumer goods.

This finding implies that the German companies selling consumer products tend to have a higher degree of standardisation on their marketing process than those offering services. This finding could indicate that the expectations of customers vary in different markets especially with regard to services which forces companies to pursue a

less standardised approach. Table 6.26 summarises the key finding regarding proposition P 2-7.

Table 6.26: Summary of Findings regarding Proposition P 2-7

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-7		X		Companies which operate in consumer markets are less likely to standardise their marketing programme than companies which are involved in marketing industrial goods (e.g. Chhabra, 1996, Cavusgil et al, 1993, Hill and Kwon, 1992, Samiee and Roth, 1992, Jain, 1989)

6.2.3.2

PRODUCT POSITIONING

Based on the framework of Jain (1989) the underlying assumption with regard to the second aspect of the nature of product concerns the similarity of the product positioning overseas and in the home market. Proposition P 2-8 presents the notion regarding the product positioning while Table 6.27 shows the initial investigation.

Proposition P 2-8

Companies which position their products in a similar way in their foreign markets as in their home markets are more likely to standardise their marketing mix than companies which have a different positioning in foreign markets (e.g. Bolz, 1992, Jain, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975).

Table 6.27: T-test Analysis of Product Positioning and Marketing Mix Standardisation

	Number Of Cases		Mean		T	Sig. Difference (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Product	35	11	1.89	2.25	-1.74	.096*
Pricing	35	11	2.47	3.18	-4.26	.000***
Distribution	35	11	2.41	3.00	-2.32	.025**
Promotion	35	11	2.28	2.78	-2.31	.025**

***p<0.001, **p<0.01, *p<0.05, all 2-tailed;

Mean rating: 1 = identical, 5 = highly different

Group1: positioned highly similar, Group2: positioned highly different

As Table 6.27 shows the German firms were initially divided into two separate groups to explore proposition P 2-8. Based on question 30 of the questionnaire one group represented the firms which position themselves in a similar way overseas while the other group was characterised by the companies which show a highly different positioning overseas. Based on this T-test analysis alone proposition P 2-8 cannot be safely supported but since the coefficients for the entire marketing mix yielded a significant level ($p<0.05$, or better) significant differences seem to exist between the two tested groups which makes further analysis of the proposition worth-while.

Nevertheless, based on the fact that the t values are negative in direction, one can conclude that the companies which position their products in the host market in the same way as at home, are more likely to pursue a higher degree of marketing mix standardisation than those firms which position themselves highly differently in the host

market. Moreover, the means shown in Table 6.27 indicated that the highly-similar-positioned companies indicate a moderate-to-high degree of standardisation while the companies with a low-similarity in terms of their positioning show a moderate-to-high standardisation on the product and promotion mix as well as a moderate-to low standardisation on the pricing mix and a moderate standardisation on the distribution mix.

In order to investigate these findings, further analysis was conducted with regard to the product positioning and the degree of marketing programme standardisation as Table 6.28 shows.

Table 6.28: Correlation Analysis of Product Positioning and Marketing Mix Standardisation

Predictor variable	Criteria variables			
	Product	Pricing	Distribution	Promotion
Product positioning	.56**	.42**	.24*	.29*

**p<0.01, *p<0.05, all 2-tailed

As the initial T-test of Table 6.27, the findings of Table 6.28 also lend support to proposition P 2-8. This can be stated with regard to the entire marketing programme since for all correlation coefficients a statistically significance level (two are $p<.05$ or better, the other two are $p<.01$ or better) could be observed. The positioning of the product has positive relationships with every key category aspect of the marketing mix, as indicated by the coefficients which are all positive.

This finding suggests that with regard to the nature of the product German companies which position their products in a similar way overseas and in their home market are more likely to standardise their marketing mix than the companies with a different positioning in their foreign market.

Table 6.28 also indicated that the relation between the positioning aspect and the degree of standardisation of the different marketing programme categories are different with regard to the strength of its impact. The relationships between the product positioning and the product/pricing mix show a moderate-to-strong degree since their correlation coefficients show a level of between 0.4 and 0.8. On the other hand, the relationships with the distribution policy and the promotion mix are weak ones since their "r" values are lower than 0.4.

Thus, the decisions regarding the standardisation of the promotion and the distribution programme appear to be less dependent on similarities in terms of the product positioning overseas and in the German market. In contrast to this, the standardisation of the different price aspects as well as the various product elements of the product policy depend heavily on a similar positioning overseas. In order to explore proposition P 2-8 further a multiple correlation analysis was used to finally examine the relationship between each key category of marketing mix and the various aspects of product positioning in detail. Table 6.29 presents the findings of this analysis.

Table 6.29: Linear Regression Models of the Influence of various Positioning Variables on the Degree of Marketing Standardisation

Independent Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
general positioning	.17	1.66	.22	1.86+	.01	.05	-.09	-.80
price positioning	.12	1.18	.19	1.66	-.08	-.52	.26	1.82+
quality positioning	.41	3.26**	.10	.72	.32	2.02*	.09	.58
service positioning	.23	1.76+	.32	2.23*	.02	.12	-.14	-.96
image positioning	-.16	-1.26	-.20	-1.41	.18	1.48	.34	2.84**
Model statistics								
R	.631		.510		.396		.451	
R-square	.398		.260		.157		.203	
Adjusted R-square	.360		.213		.103		.153	
F-value model	10.570		5.626		2.939		4.076	
Signif F	.000***		.000***		.017**		.002**	

***p<0.001, **p<0.01, *p<0.05, +p<0.10

Table 6.29 shows that for the product mix the coefficients of two categories yielded a significance level: the aspect of the positioning on quality ($p<0.01$) and positioning on service ($p<0.1$). This implies that the German companies which position themselves primarily on these two attributes in a similar way in their home and in their overseas market tend to standardise their international product strategy to a high degree.

With regard to the pricing programme of the German corporations, the general positioning and the service positioning showed a significant relationship with the pricing mix. This finding suggests that the German firms tend to standardise their pricing policy to a high degree

overseas if the degree of similarity in terms of their general positioning and their service positioning in the German and in the host market is high.

Furthermore, Table 6.30 indicates for the distribution category that only one coefficient yielded a significance level. Only with regard to firms which focus on quality positioning overseas, a significant impact ($p < 0.05$) on the degree of the distribution standardisation was observed while in terms of the standardisation of the promotion mix more attributes played a significant role.

Both groups of companies, the ones that focus on the price positioning overseas as well as those concentrating primarily on an image positioning, showed a significant relationship with the degree to which their promotion policy was standardised.

This finding shows that the companies which position themselves first of all on their price and image in a similar way in their host market and in their home market are more likely to standardise their promotion mix. Table 6.30 recalls the key findings regarding proposition P 2-8.

Table 6.30: Summary of Findings regarding Proposition P 2-8

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-8	X			Companies which position their products in a similar way in their foreign markets as in their home markets are more likely to standardise their marketing mix than companies which have a different positioning in foreign markets (e.g. Bolz, 1992, Jain, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975).

6.2.4 ENVIRONMENTAL FACTORS

Several authors have emphasised that environmental differences affect the feasibility of an international marketing standardisation (e.g. Wang, 1996, Agrawal, 1995, Baalbaki and Malhorta, 1993). As described in chapter three there are primarily four types of environmental factors which are considered to be the most important ones among the variety of environmental aspects: the physical, legal and political factors as well as the marketing infrastructure (e.g. Jain, 1989). Therefore, the propositions as developed in chapter three with regard to these aspects are investigated.

6.2.4.1

LEGAL, POLITICAL, PHYSICAL ASPECTS

The key notion of Jain (1989) with regard to the impact of the environmental aspects on marketing standardisation decisions was formulated in proposition P 2-9 and tested in Table 6.31.

Proposition P 2-9

Companies are more likely to pursue a higher level of marketing mix standardisation if the political, physical and legal circumstances of the foreign market are similar to these aspects in the home market (e.g. Akaah, 1991, Buzzell, 1968, Doz and Prahalad, 1980, Hill and Still, 1984, Jain, 1989).

Table 6.31: Linear Regression Models of Political, Physical and Legal Environment associated with Marketing Mix Standardisation

Independent Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
Physical environment	-.21	-1.44	-.21	-1.46	.09	.57	-.19	-1.32
Political environment	.06	.36	-.03	-.21	-.19	-1.10	.14	.84
Legal environment	.36	2.28*	.42	2.63*	.23	1.36	.29	1.80+

Model statistics

R	.312	.312	.185	.302
R-square	.097	.097	.034	.091
Adjusted R-square	.064	.064	-.002	.058
F-value model	2.938	2.949	.957	2.742
Signif F	.038*	.038*	.417	.048*

*p<0.05, +p<0.1

The findings of Table 6.31 suggest support to proposition P 2-9 with regard to the product, pricing and promotion policy of the German companies. The findings reveal that the legal environment has a significant relationship with the product, pricing and promotion programme.

Moreover, the direction of the β coefficients indicates that the legal environment significantly influences these three aspects of the marketing mix in a positive direction. This implies that the German companies are more likely to pursue a higher degree of standardisation in terms of their product, pricing and promotion mix, if the legal environment in the host market is similar to this environmental aspect in the German market.

Concerning the weight of the β -coefficients which represent the relative importance of each predictor variable, the legal environment obviously influences every aspect of marketing mix to the highest degree when compared to the other environmental factors.

Table 6.31 also illustrates that the physical environment plays the second most important role in terms of influencing the degree of standardisation of the three marketing mix categories whereas the political environment primarily influences the distribution mix to a comparatively high degree.

However, the findings lend support to the findings of previous studies and conceptual notions (e.g. Müller and Kornmeier, 1996, Bolz, 1992, Akaah, 1991, Kreutzer, 1989). Table 6.32 illustrates this finding.

Table 6.32: Summary of Findings regarding Proposition P 2-9

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-9			X (legal only)	Companies are more likely to pursue a higher level of marketing mix standardisation if the political, physical and legal circumstances of the foreign market are similar to these aspects in the home market (e.g. Akaah, 1991, Buzzell, 1968, Doz and Prahalad, 1980, Hill and Still, 1984, Jain, 1989).

6.2.4.2

MARKETING INFRASTRUCTURE

Baalbaki and Malhorta (1993) and Douglas and Wind (1987) stress the importance of the marketing infrastructure when considering an international marketing standardisation. The underlying notion in terms of this aspect was put forward to proposition P 2-10.

Proposition P 2-10

Companies are more likely to pursue a higher level of marketing mix standardisation if the marketing infrastructure of the foreign market is similar to this aspect in the home market (e.g. Chhabra, 1996, Ozsmer et al, 1991, Akaah, 1991, Hill and Still, 1984, Jain, 1989).

Due to the complexity and importance of this aspect proposition P 2-10 was tested by both, a simple and a multiple correlation analysis. Table 6.33 shows the degree of the correlation between the marketing infrastructure which is presented by the value of the summated scale and the various marketing mix activities.

Moreover, the multiple correlation analysis was used to examine the relationship between each category of the marketing infrastructure and the marketing programme in detail.

Table 6.33: Correlation Analysis of Marketing Infrastructure and Marketing Mix Standardisation

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Marketing infrastructure	.51**	.29**	.36**	.41**

**p<0.01, 2-tailed

As Table 6.33 indicates the findings which relate to proposition P 2-10 suggest support for the proposition at a significance level of 0.01. There is a significant relationship between the predictor and the criterion variables.

Moreover, the degree of the correlation with values of 0.51 and 0.41 respectively show a moderate-to-strong relationship between the marketing infrastructure and the product and the promotion policy.

The values of 0.29 and 0.36 show a rather weak relationship between the marketing infrastructure and the policy which German companies pursue with regard to their price and distribution policy.

At this stage further analysis which explores the relationship on the level of the actual attributes which were measured to characterise the marketing infrastructure was conducted to confirm the above findings.

Table 6.34 illustrates the further examination. The findings of Table 6.34 show that the range of the products offered has a significant relationship with the product mix and that the retail prices of the product range show a significant relationship with the pricing policy. With regard to the distribution mix it illustrates that two elements, the access to the internet as well as the ratio of small to big distribution channels, show a significant relationship.

Table 6.34: Linear Regression Models of the Influence of various Marketing Infrastructure Characteristics on the Degree of Marketing Standardisation

Predictor Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
Range of your offered products	.32	2.69**	.13	1.04	.17	1.39	.25	.05
Retail prices of your product range	.07	.60	.22	1.81†	.14	1.22	.02	.88
Availability of media	-.09	-.42	.14	.57	-.05	-.22	-.17	.47
Access to televisions	.18	.66	-.24	-.77	-.31	-1.09	-.18	.56
Access to radios	.02	.12	.02	.08	.17	.94	.19	.31
Access to printed publications	.05	.32	.03	.19	.10	.61	.11	.49
Access to the internet	.01	.07	-.05	-.30	.35	2.37*	.01	.93
Availability of distribution channels	.31	1.57	.23	1.05	.23	1.10	.10	.64
Customer access to distribution channels	-.10	-.55	.08	.40	.21	1.11	.17	.40
Ratio of small to big distribution channels	.13	.94	.08	.53	-.24	-1.75†	-.01	.95
Availability of skilled marketers	-.23	-1.38	-.29	-1.58	-.06	-.33	.20	.27
Availability of advertising agencies	.13	.78	.16	.90	-.02	-.09	-.02	.90
Model statistics								
R	.604		.479		.591		.514	
R-square	.364		.229		.350		.265	
Adjusted R-square	.260		.103		.242		.143	
F-value model	3.490		1.816		3.236		2.191	
Signif F	.000***		.061†		.000***		.021*	

***p<0.001, **p<0.01, *p<0.05, †p<0.1

Concerning the importance of each predictor variable for the marketing mix categories, the range of offered products and the availability of the distribution channels are the two elements of the infrastructure which appear to have the highest impact with regard to the product mix.

The retail prices of the product range, the availability of distribution as well as the availability of skilled marketers influence the pricing policy to a higher degree than the other marketing programme categories. For the international distribution policy of the German companies the access of overseas customers to televisions, their access to the internet as well as the ratio of small to big distribution channels play crucial roles in terms of influencing this marketing mix category.

Finally, the findings of Table 6.34 imply in terms of the promotion mix of the German companies that the range of the products offered and the availability of skilled marketers are the two aspects of the marketing infrastructure which influence the promotion mix decisions to a higher extent than the other marketing mix categories. The overall findings regarding proposition P 2-10 are summarised in Table 6.35.

Table 6.35: Summary of Findings regarding Proposition P 2-10

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-10	X			Companies are more likely to pursue a higher level of marketing mix standardisation if the marketing infrastructure of the foreign market is similar to this aspect in the home market (e.g. Chhabra, 1996, Ozsmer et al, 1991, Akaah, 1991, Hill and Still, 1984, Jain, 1989).

6.3 THE INTERNAL DIMENSION: TESTING THE PROPOSITIONS

In addition to the external factors which have been examined in the previous section relevant studies indicate that some internal factors also affect the degree of marketing standardisation (e.g. Kim and Mauborgne, 1993, Collis, 1991).

Jain (1989) summarises these aspects as the corporate orientation of the management, the headquarters-subsiary relationships and the approach towards the delegation of authority. The propositions in terms of these factors which were put forward in chapter two are examined in the following section.

6.3.1 CORPORATE ORIENTATION

Based on the framework of Perlmutter (1969) the literature suggests that different orientations have an impact on the degree of the marketing standardisation of companies. The key notion regarding this aspect of the internal dimension is that firms with a primary focus on their home market tend to standardise their marketing less than companies which consider world-markets as important as their home market (e.g. Akaah, 1991, Jain, 1989). This assumption is reflected in

proposition P 2-11 while Table 6.36 shows the findings of the initial investigation of this proposition.

Proposition P 2-11

Companies which adopt a geocentric/regiocentric approach towards their operations are more likely to standardise their marketing mix than companies which pursue an ethnocentric/polycentric orientation (Bolz, 1992, Akaah, 1991, Jain, 1989, Perlmutter, 1969, Wind et al, 1987).

For exploring proposition P 2-11 by a T-test analysis the companies were split into two groups: one group presented the rather geocentric firms, the other group characterised the companies with a primary home market orientation.

Based on this grouping it was examined whether there is a significant difference between Group 1 (companies with a geocentric/regiocentric orientation) and Group 2 (firms with a polycentric/ ethnocentric orientation) in terms of their marketing mix activities and whether Group 1 shows a higher degree of marketing standardisation than Group 2 in terms of the various marketing activities. Table 6.36 shows the findings.

Table 6.36: T-test Analysis of Marketing Mix Standardisation and Corporate Orientation

	Number Of Cases		Mean		T	Sig. Difference (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Product factors	47	21	2.14	2.06	.47	.637
Product features	47	21	1.98	2.10	-.49	.628
Brand name	47	21	2.02	1.95	.20	.844
Product design	47	21	2.02	2.19	-.59	.556
Product quality	47	21	1.74	1.86	-.44	.664
Product image	47	21	2.13	2.24	-.44	.663
Product package	47	21	2.29	1.71	2.10	.040*
Product labelling	47	21	2.38	1.62	2.58	.012*
After-sale service	47	21	2.28	2.62	-1.26	.271
Warranties	47	21	2.50	2.24	.76	.447
Price factors	47	21	2.70	2.67	.12	.907
End-user price	47	21	2.74	3.00	-1.05	.301
Dealer price	47	21	2.77	2.62	.55	.581
Pricing to end-users	47	21	2.40	2.71	-1.22	.226
Pricing to dealers	47	21	2.64	2.62	.07	.943
End-user discounts	47	21	2.91	2.67	.81	.422
Dealer discounts	47	21	2.91	2.38	1.67	.107
Credit to end-users	47	21	2.62	2.90	-1.03	.307
Credit to dealers	47	21	2.57	2.48	.33	.745
Distribution factors	47	21	2.55	2.67	-.53	.599
Geographic distribution concentration	47	21	2.81	2.43	1.12	.267
Distribution channels overseas	47	21	2.32	2.48	-.55	.583
Sales-force tasks overseas	47	21	2.19	2.52	-1.34	.183
Sales regions organisation	47	21	2.57	2.90	-1.11	.272
Sales-force management	47	21	2.51	2.62	-.38	.706
Bargaining power of dealers	47	21	2.87	3.05	-.57	.574
Promotion factors	47	21	2.55	2.56	-.05	.957
Advertising role in general	47	21	2.57	2.95	-1.37	.174
Advertising message	47	21	2.60	2.71	-.42	.674
Ad agency used	47	21	3.00	2.90	.27	.789
Media budget allocation	47	21	2.72	2.57	.56	.577
Use of TV ads	47	21	2.40	2.48	-.19	.846

Table 6.36 (cont'd)

	Number Of Cases		Mean		T	Sig. Difference (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Use of print	47	21	2.40	2.95	-2.61	.011*
Use of radio ads	47	21	2.49	2.33	.43	.669
Use of internet	47	21	2.51	2.81	-.91	.365
Approach to PR	47	21	2.45	2.62	-.63	.534
Sales promotion types	47	21	2.55	2.43	.49	.622
Use of displays	47	21	2.51	2.19	.99	.328
Use of free samples	47	21	2.34	2.10	.77	.447
Use of sponsoring, events	47	21	2.60	2.29	.93	.354
Customer training use	47	21	2.47	2.52	-.24	.813
Personal selling use	47	21	2.55	2.48	.29	.772

***p<0.001, **p<0.01, *p<0.05; Mean rating: 1 = identical, 5 = highly different

Group 1: geocentric/regiocentric orientation, Group 2: polycentric/ ethnocentric orientation

The findings of Table 6.26 show that there is no support for proposition P 2-11, since the four marketing mix activities measured on a summated scale did not show a significant level. However, Group 1 (companies with a geocentric/regiocentric orientation) and Group 2 (firms with a polycentric/ ethnocentric orientation) showed a significantly different degree of marketing standardisation in terms of some marketing mix elements.

Of the ten product elements (including the product factor index), there were two aspects of the product mix which showed a significant difference level: T=2.10 (p<.05) for product package and T=2.58 (p<.05) for product labelling. This suggests that the German companies with a primarily geocentric/regiocentric orientation tend to

show a lower degree of standardisation on product packaging and labelling in comparison to the companies with a polycentric/ethnocentric orientation. However, the means shown in Table 6.26 indicated that geocentric/regiocentric orientated companies reflected a moderate-to-high standardisation on these two product activities (with a mean of 2.29 for product package and a mean of 2.38 for product labelling) while polycentric/ethnocentric orientated companies showed a high standardisation (with a mean rating of 1.71 for product packaging and a mean of 1.62 for product labelling).

With regard to the pricing and distribution mix of the German companies, none of the nine pricing elements and the seven distribution elements yielded a significant level. The means imply, however, that the two groups have a moderate-to-high standardisation on pricing and distribution activities (mean rating of a little less than 3.0). Regarding to the promotion mix, one category yielded a significant level: $T=-2.61$ ($p<0.05$) for the use of print. This means that the geocentric/regiocentric-orientated companies showed a higher degree of standardisation on the use of print than polycentric/ethnocentric-orientated companies. Considering the means, both two groups showed a moderate-to-high standardisation not only on the category "use of print", but also on other elements of the promotion activities. Thus, the findings do not lend support to proposition P2-11. The proposition, therefore, was explored further and in more detail on the level of each orientation group (four in total) as shown in Table

6.37. As the findings of the initial exploration of Table 6.36 the findings of Table 6.37 based on four orientation groups instead of two do not lend any support to proposition P 2-11 since there were not any significant differences indicated. However, there are two major observations which can be stated with regard to the mean ratings as presented in Table 6.37.

Table 6.37: Degree of Marketing Standardisation with regard to Corporate Orientation

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Geocentric orientation (1)					
Mean	1.97	2.58	2.42	2.41	3.21
Std	.55	.76	.67	.64	.70
Regiocentric orientation (2)					
Mean	2.32	2.81	2.67	2.67	3.24
Std	.82	.88	.94	.85	.77
Polycentric orientation (3)					
Mean	2.16	2.60	2.57	2.51	2.92
Std	.79	.73	.81	.87	.66
Ethnocentric orientation (4)					
Mean	1.80	2.85	2.92	2.68	3.51
Std	.65	.64	.54	.62	.77
F Ratio	1.36	.47	.64	.52	1.14
LSD test					
Duncan test					
Student-Newman					
Keuls					
Tukey HSD test					
Scheffe test					

"None" means "No two groups are significantly different at the 0.10 level."

First of all, the findings suggest that the polycentric-orientated companies have a mean rating of less than 3.0 with regard to their

marketing management process and their marketing mix activities. This implies that the management of this particular type of companies show a tendency towards a moderate-to-high degree of marketing process standardisation show a tendency towards a moderate-to-high degree of marketing process and marketing mix standardisation.

Another aspect worth mentioning is that for two groups of the companies, the geocentric-orientated and the ethnocentric-orientated companies, a particularly high degree of standardisation in terms of their product policy is indicated. This finding surprises if one takes into account that these two types of companies actually represent the contrary positions in terms of their corporate orientation. The literature would suggest that primarily the geocentric firms show a high degree of standardisation.

But since the previous literature primarily considers non-German companies one might be able to interpret this finding as further support for the notion that in addition to the geocentric German firms there are quite a few German firms which pursue the already above mentioned approach of "what is good enough for the German market is good enough for the rest of the world" (Shaw, 1994, page 38). Table 6.38 presents the key finding regarding of proposition P 2-11.

Table 6.38: Summary of Findings regarding Proposition P 2-11

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-11		X		Companies which adopt a geocentric/regiocentric approach towards their operations are more likely to standardise their marketing mix than companies which pursue an ethnocentric/polycentric orientation (Bolz, 1992, Akaah, 1991, Jain, 1989, Perlmutter, 1969, Wind et al, 1987).

6.3.2 HEADQUARTER-SUBSIDIARY RELATIONSHIPS

Several authors have emphasised the importance of the relationships between the headquarters and the overseas operations with regard to the marketing standardisation (e.g. Shoham and Albaum, 1994, Kreutzer, 1989). A company with a high degree of ownership in its operations abroad is believed to be more likely to standardise its marketing mix to a high degree. This notion was put forward in proposition P 2-12 and investigated in Table 6.39.

Proposition P 2-12

A company with a higher degree of ownership in its operations abroad is more likely to standardise its marketing mix than a company with limited ownership in its overseas operations (e.g. Jain, 1989, Kashani, 1989, Rutigliano, 1986, Vernon, 1979).

Table 6.39: T-test Analysis of Marketing Mix Standardisation and Headquarters-Subsidiary Relationships

	Number of cases		Mean		T	Sig. Difference (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Product	54	18	2.15	2.19	-.18	.860
Pricing	54	18	2.70	2.74	-.19	.852
Distribution	54	18	2.56	2.81	-1.10	.274
Promotion	54	18	2.60	2.53	.32	.752

(Group 1=Wholly owned subsidiary, Group 2=other types of operation)

Wholly owned subsidiary represent 75% (valid percent), others 25%

Proposition P 2-12 was explored by a T-test analysis in which the German companies were divided into two groups. There are great differences between the number of cases of the two groups. This is based on the sample of this study and thus based on the top-500 companies in Germany which therefore, were not selected particularly with regard to fit the exploration of this proposition more neatly. Of all the respondents, 75% operate in their chosen overseas market as wholly owned subsidiary, 2.8% as distributor, 2.8% as franchising, 1.4% as direct export, 12.5% as majority equity joint venture and 5.6% as minority equity joint venture. Meanwhile a multi-group comparison analysis is impossible to use for testing this proposition in this case (because the number of cases is not convincing) which conflicts with the aim of consistency in terms of analysis.

Since the percentage of the respondents' companies which operate as a wholly owned subsidiary - and thus with the maximum of possible

control overseas - is as high as 75 %, these companies were chosen to present the entire group of firms that operate in the host market with a high degree of ownership. This group was compared to the other group which was defined as operating in the host market in any other type of operation. This group represented the firms with a comparably low degree ownership. As Table 6.39 suggests proposition P 2-12 is not confirmed by the findings of the T-test analysis. None of the coefficients yielded a significant level. This finding suggests that there is not a significant difference between the two tested groups. In other words, the German companies which operate in the host market with a wholly owned subsidiary do not show a significant difference with regard to the degree of marketing mix standardisation in comparison to those firms which operate in an other types of ownership overseas. However, the means in Table 6.39 indicated that companies of both groups reflected a moderate-to-high degree of marketing mix standardisation while Table 6.40 summarises the key finding regarding proposition P 2-12.

Table 6.40: Summary of Findings regarding Proposition P 2-12

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-12		X		A company with a higher degree of ownership in its operations abroad is more likely to standardise its marketing mix than a company with limited ownership in its overseas operations (e.g. Jain, 1989, Kashani, 1989, Rutigliano, 1986, Vernon, 1979).

6.3.3 DELEGATION OF AUTHORITY

The final aspect of the internal dimension which is investigated is the delegation of authority which focuses on the issue of control. The key notion with regard to this aspect and its impact on the degree of marketing standardisation was summarised as proposition P 2-13.

Proposition P 2-13

The greater the controlling interest of the headquarters in its overseas operation the more likely it is to pursue a standardised marketing strategy (e.g. Bolz, 1992, Kreutzer, 1989, Egelhoff, 1988, Halliburton and Hünenberg, 1987, Ahn et al, 1986).

The aspect of the controlling interest was explored by concentrating on the key aspects involved: the actual degree of delegation of decision-making authority (i.e. the degree of controlling the process), and the degree of controlling the marketing performance. Table 6.41 presents the findings regarding the first two aspects while Table 6.42 takes the controlling aspect in terms of the marketing performance into account.

Table 6.41: Linear Regression Models of Controlling Interest and Marketing Mix Standardisation

Independent Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
Delegation of authority (Control loose/tight)	.08	.69	.14	1.14	.07	.58	-.08	-.67
Delegation of authority (Control decentralised/centralised)	-.22	-1.82	-.10	-.83	-.25	-2.15*	-.08	-.68

Model statistics

R	.196	.131	.234	.136
R-square	.038	.017	.055	.019
Adjusted R-square	.015	-.007	.032	-.005
F-value model	1.66	.724	2.368	.784
Signif F	.196	.488	.100	.460

*p<0.05

The findings of Table 6.41 illustrate that proposition P 2-13 can be supported with regard to the degree of centralised control and the distribution mix only. This observation is based on the significant relationship between the degree of the centralised control and the distribution mix as indicated in Table 6.41. Because of the negative coefficient one can conclude that the higher degree of centralised control of the headquarters in terms of its overseas operation is the more likely it is to pursue a standardised distribution policy. Moreover, another interesting statement can be made based on the directions of the coefficients. Table 6.41 shows that the German organisations with a higher degree of centralised control in the host market tend to standardise every aspect of their international marketing mix. But since the controlling of the marketing performance

is of great importance as well this aspect was examined, too. The findings are presented in Table 6.42.

Table 6.42: Correlation Analysis of Marketing Mix Standardisation and Controlling Marketing Performance

Predictor variable	Criterion variables			
	Product	Pricing	Distribution	Promotion
Controlling marketing performance	.08	.03	.17	.22*

* $p < 0.05$, 2-tailed

In terms of controlling the marketing performance Table 6.42 suggests limited support for proposition P 2-13 only. It is supported only with regard to the aspect of the promotion mix of the German companies. The correlation coefficient for this marketing mix category yielded statistical significance ($p < .05$). This means that the greater the controlling interest of the headquarters in its overseas marketing performance appears to be the more likely it is to pursue a standardised promotion strategy in the host market. But there is not sufficient evidence to state that there is a significant relationship between the degree of controlling the marketing performance and the remaining key categories of the marketing programme.

Although the control aspect plays a key role within the delegation of authority issue, the impact of the responsibility for marketing decisions might be worth to explore in terms of the degree of marketing standardisation in German companies. This is done in the

following. Table 6.43 illustrates the findings about the impact of the general decision making authority before specific marketing decisions such as the setting of marketing objectives and targets are examined.

Table 6.43: Correlation Analysis of Delegation of Decision-making Authority and Marketing Mix Standardisation

Predictor variable	Criteria variables			
	Products	Pricing	Distribution	Promotion
Delegation of decision-making authority	.00	.00	.15	.30**

**p<0.01, 2-tailed

As the findings of Table 6.43 suggest, the only aspect of the marketing mix which has a correlation coefficient yielding a significant level is the promotion policy of the German companies. This finding indicates that the degree to which the decision-making authority is delegated to the overseas operations has a significant positive relationship with the promotion mix. Thus, one can assume that the lower the extent is to which decision-making authority is delegated the more likely the German company is to pursue a high level of standardisation on their promotion activities. In order to investigate this notion in more detail, a multiple correlation analysis was done to examine the relationship between the key categories of the marketing programme and specific aspects of the decision-making process. It is presented in Table 6.44.

Table 6.44: Linear Regression Models of the Influence of various Decision-making Variables and Marketing Standardisation

Independent Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
Setting marketing objectives	.16	.91	.10	.54	.31	1.74+	.02	.14
Marketing planning	.05	.29	.13	.74	-.02	-.11	.20	1.27
Setting sales targets	-.12	-.64	-.14	-.70	-.11	-.56	.02	.11
Budgeting	-.19	-1.12	-.21	-1.21	-.12	-.71	-.17	-1.11
Adapting products/services	.01	.04	-.01	-.07	-.03	-.18	-.09	-.71
New product development	.10	.53	.30	1.57	.10	.53	.48	2.83**
Deciding which products to sell	.44	2.53*	.32	1.80+	.20	1.11	.17	1.04
Pricing policy	-.16	-.92	-.27	-1.51	-.04	-.25	-.16	-1.02
Distribution policy	-.33	-1.74+	-.25	-1.28	-.06	-.29	-.02	-.13
Design of promotion activities	-.08	.94	.16	1.01	-.12	-.77	.22	1.51
Setting performance criteria	.20	.84	-.30	-1.57	-.17	-.86	-.18	-1.02
Controlling marketing performance	.99	.33	.07	.38	.17	.99	.14	.92
Appointment of marketing personnel	-1.75	.08+	-.09	-.61	-.21	-1.37	-.42	-3.01**
Input into strategic planning of company	.55	.59	.24	1.56	.33	2.15*	.19	1.35

Model statistics

R	.465	.412	.456	.591
R-square	.216	.170	.208	.349
Adjusted R-square	.061	.006	.049	.220
F-value model	1.40	1.036	1.311	2.716
Signif. F	.178	.429	.223	.003**

**p<0.01, *p<0.05, +p<0.1

As Table 6.44 shows several aspects of the decision-making process have significant relationships with the different categories of the marketing mix.

With regard to the product policy of the German firms three decision aspects, the decision which products to sell, the decision regarding the distribution policy in the overseas market and the decision authority

concerning the appointment of marketing personnel, had a significant relationship with the product mix. However, the first aspect showed a positive relationship with the product policy.

This implies that the companies with a lower degree of delegation in terms of the decision which products to sell are more likely to pursue a high degree of standardisation with regard to their product policy. In contrast to this, the German companies which delegate the decisions regarding the distribution policy overseas and the appointment of marketing personnel to a high degree tend to show a high level of product standardisation.

In terms of the pricing mix, only one decision aspect, the decision which products to sell, had a significant positive relationship with this aspect of the marketing programme. This finding suggests that the companies which delegate the responsibility for the decision which products to sell primarily to their overseas operation, are likely to focus their standardisation a high degree on the pricing policy. This might be a subtle way of headquarters to keep some influence on the decision which products to sell.

For the distribution programme, two decisions, the decision concerning the setting marketing of the objectives and the input into the strategic planning of German companies, have significantly positive relationships with this marketing mix aspect. This suggests

that German companies which show a high degree of delegation with regard to these two aspects tend to standardise their distribution policy to a high degree.

In terms of the promotion mix Table 6.44 shows that the decision regarding the new product development has a significant positive relationship. On the other hand, the decision regarding the appointment of the marketing personnel showed a significant negative relationship with the promotion mix. Thus, the management of German firms which puts the responsibility for the development of new products largely into the hands of its overseas operations are likely to show a high degree of promotion standardisation.

After having explored the degree of marketing standardisation in the context of a high and a low degree of delegation authority a final investigation was conducted to complete the investigation of the delegation of authority by examining whether a shared responsibility between the headquarters and the overseas operation has an impact on the degree of the marketing standardisation. Table 6.45 illustrates this investigation.

The German companies were split into three groups to present the companies which equally share the responsibility for the key marketing decisions of Table 6.44 as well as the firms which are

dominated by their headquarters and the companies in which the overseas operations make the decisions.

Table 6.45: Degree of Marketing Standardisation with regard to the Degree of Delegation of Decision-making Authority

Compared groups (group no.)	Product	Pricing	Distribution	Promotion
Set (primarily) by headquarters (1)				
Mean	2.18	2.75	2.42	2.35
Standard deviation	.70	.84	.82	.72
Responsibility shared equally (2)				
Mean	2.36	2.78	2.72	2.71
Standard deviation	.73	.65	.75	.68
Set (primarily) by overseas operation (3)				
Mean	2.08	2.64	2.90	2.94
Standard deviation	.79	.75	.83	.60
F Ratio	.71	.14	1.12	2.16+
LSD test				2,3>1
Duncan test				2,3>1
Tukey HSD test				None
Scheffe test				None

+ $p < 0.1$, "None" means "No two groups are significantly different at the 0.10 level."

As the final analysis of Table 6.45 indicates, there are no significant differences between the companies which share the responsibility for their marketing decisions with their overseas operations and the other two groups. This appears to be the case in terms of the product, the pricing and the distribution policy.

With regard to the promotion programme the F statistics of the promotion mix yielded a significant level ($p < 0.1$) in Table 6.45 which means that there is a significant difference among the compared groups. By utilising the post hoc procedures, the LSD and Duncan test

identified that the means of group 2 and 3 are significantly greater than the mean of group 1.

This finding implies that companies in which the marketing decisions are set primarily by the headquarters are more likely to standardise their promotion strategy to a high degree than those firm which allow their marketing decisions to be made either in an equally-shared way between headquarters and the overseas operation, or in companies in which the decisions were made primarily by the overseas operation.

Table 6.46 summarises the key finding regarding proposition P 2-13.

Table 6.46: Summary of Findings regarding Proposition P 2-13

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-13		X		The greater the controlling interest of the headquarters in its overseas operation the more likely it is to pursue a standardised marketing strategy (e.g. Bolz, 1992, Kreutzer, 1989, Egelhoff, 1988, Halliburton and Hünerberg, 1987, Ahn et al, 1986).

6.4 IMPACT OF STANDARDISATION ON PERFORMANCE

The final aspect of the framework of Jain (1989) concerns the impact of the marketing standardisation on the performance of the companies. As discussed in chapter two in detail, the literature suggests that there are two major groups to measure performance (e.g. Venkatraman and Ramanujam, 1986). Therefore, two propositions were developed. Proposition P 2-14 concentrates on the influence of marketing standardisation on financial performance while proposition P 2-15 focuses on customer satisfaction which represents a non-financial indicator.

Before these two specific aspects were examined, it was explored first whether the degree of a successful performance influences the degree of marketing mix standardisation. In order to do this, the relationships between the degree of performance success in terms of various aspects in the home as well as in the overseas market and the key marketing mix categories were investigated. The findings of this exploration are presented in Table 6.47.

Table 6.47: Correlation Analysis of Performance Aspects and Marketing Mix Standardisation

	Products	Pricing	Distribution	Promotion
Performance in the home market:				
General performance in Germany	-.31**	-.22*	-.06	-.03
Market share in Germany	-.30**	-.23*	-.24*	-.35**
Company position in Germany	.06	-.04	.05	.05
Performance in the host market:				
World-wide general performance	-.34**	-.16	-.15	-.13
Market share in chosen overseas market	.09	.10	.14	.01
Company position in the chosen overseas market	-.01	.04	-.09	.19
General performance in chosen markets with regard to objective	-.30**	-.16	-.16	-.12
General performance in chosen markets in comparison with competitors	-.24*	-.17	-.11	-.13

**p<0.01, *p<0.05, both 2-tailed

As Table 6.47 shows in terms of performance in the home market, the findings indicate a significant value in terms of the general performance. The coefficients were negative in direction which implies that the more the German companies standardise their product and price mix the less successful they are with regard to their general performance.

In terms of the market share in Germany, all coefficients showed a negative direction which suggests that the more the German companies standardise their marketing mix the more successful is their performance in terms of their market share in the German home market.

For the performance in the host market, the correlation coefficients of the world-wide general performance and the general performance in the host market yielded a significant level ($p < 0.05$) with regard to two performance aspects, performance with regard to objective and performance in comparison with competitors. These findings relate to the product policy of German firms. This indicates that these aspects have a significant relationship with the product mix activities.

Concerning the negative direction of the coefficients, one can conclude that the higher the degree of success in terms of the world-wide general performance and in terms of the general performance in the host market with regard to both, the performance in terms of the objective and in comparison to the performance of the competitors, is the lower tends to be the degree of product standardisation in German companies. For the other key marketing mix categories there is no evidence to confirm that they have significant relationships with the degree of performance success in the host market.

6.4.1 FINANCIAL PERFORMANCE

In this study, the financial performance is examined by four aspects: market share, turnover, profit and return of investment (ROI). Table 6.48 shows the exploration of proposition P 2-14.

Proposition P 2-14

Companies which standardise their marketing mix to a large degree are successful with regard to their financial performance on international markets (e.g. Meffert and Bolz, 1995, Shoham, 1995, Kaynak and Kuan, 1993, Christensen et al, 1987).

Table 6.48: Linear Regression Models of Financial Performance and Marketing Mix Standardisation

Independent Variables	Market share world-wide		Turnover world-wide		Profit world-wide		ROI world-wide	
	β	T-value	β	T-value	β	T-value	β	T-value
Product	-.44	-2.88**	-.41	-2.65**	-.44	-2.93**		
Pricing	.27	1.68†	.07	.42	.10	.64		
Distribution	-.01	-.07	-.06	-.46	-.05	-.38		
Promotion	-.02	-.13	.14	1.01	.07	.51		
Model statistics								
R			.326		.339		.372	
R-square			.106		.115		.139	
Adjusted R-square			.062		.071		.095	
F-value			2.378		2.602		3.203	
Signif F			.059†		.042*		.017*	

**p<0.01, *p<0.05, †p<0.1

The findings of Table 6.48 suggest partial support for proposition P 2-14. Regarding the performance in terms of turnover, two coefficients yielded a significant level: the product mix ($p < 0.01$) and the pricing policy ($p < 0.1$). Thus, these two marketing mix categories showed a significant relationship with the performance in terms of turnover. Moreover, the result implies that German companies seem to be able to gain a higher degree of turnover performance if they standardise their product, distribution and promotion mix to a lower degree while standardising their pricing policy to a higher degree.

For the performance in terms of profit and ROI, the coefficient of the product policy mix showed a significant level ($p < 0.01$). The negative and the positive β coefficients of Table 6.48 imply that a company should standardises its product and distribution mix to a lower degree but its pricing and promotion mix to a higher degree when trying to obtain a higher degree of performance on profit and ROI.

Authors like Levitt (1983) or Samiee and Roth (1992) mention with regard to an increased profitability the importance of competitive prices which could be achieved due to lower costs if a high degree of standardisation was pursued. Therefore, the aspect of pricing was specifically explored with regard to financial performance. Based on the impact of various aspects such as economic differences and different retail margins which arguably limit the potential for a high degree of pricing standardisation, one could assume that the lower the

degree of pricing standardisation is with regard to end-users, the higher the degree of success in terms of the financial performance should be. Table 6.49 explored this aspect with regard to the prices to end-users.

Table 6.49: Correlation Analysis of Pricing Standardisation to End-users and the Degree of Financial Performance

Predictor variable	Criterion variables			
	Market share	Turnover	Net profit	ROI
pricing to end-users	-.06	-.05	-.12	-.14

But as Table 6.49 illustrates, the above notion could not be statistically supported since none of the correlation coefficients yielded a significant level. However, the negative coefficients imply that the pricing standardisation to end-users has indeed a negative influence on every aspect of financial performance. This suggests that the greater the degree of the pricing standardisation to the end-users the lower the financial performance of a company is likely to become. Hence, this notion would lent support to studies which argue in favour of an adaptation approach (e.g. Samiee and Roth, 1992).

While Table 6.49 explored this aspect in terms of the end-users, the same notion was explored with regard to dealers as well. The findings of this final exploration of the financial performance and the degree of marketing standardisation is given in Table 6.50.

Table 6.50: Correlation Analysis of Pricing Standardisation to Dealers and Financial Performance

Predictor variable	Criterion variables			
	Market shar	Turnover	Net profit	ROI
pricing to dealers	-.07	-.04	-.15	-.16

As with regard to the end-users there is not sufficient statistical evidence to confirm the notion that the lower the degree of pricing standardisation with regard to overseas dealers is, the higher the degree of success in terms of the financial performance of the German companies gets. For none of the coefficients a significant level was indicated. However, the negative coefficients could be interpreted in the sense that the degree of pricing standardisation to dealers might have a negative influence on the financial performance of the firms.

Table 6.51 summarises the key finding regarding proposition P 2-14.

Table 6.51: Summary of Findings regarding Proposition P 2-14

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-14	X			Companies which standardise their marketing mix to a large degree are successful with regard to their financial performance in international markets (e.g. Meffert and Bolz, 1995, Shoham, 1995, Kaynak and Kuan, 1993, Christensen et al, 1987).

6.4.2 NON-FINANCIAL PERFORMANCE

After having explored the performance aspect in relation to the financial indicators in the previous section, the following focuses on non-financial aspects of performance. As stated above proposition P 2-15 suggests that the German companies which do not standardise their marketing mix to a large degree are more likely to be successful with regard to this performance aspect than others. Table 6.52 explores this.

Proposition P 2-15

Companies which do not standardise their marketing mix to a large degree are successful with regard to customer satisfaction on international markets (e.g. Chang, 1995, Kotler, 1986).

Table 6.52: Multi Correlation Analysis of Customer Satisfaction and Marketing Mix Standardisation

Independent Variables	Customer satisfaction world-wide	
	β	T-value
Product	-.31	-2.00*
Pricing	-.04	-.25
Distribution	-.02	-.16
Promotion	.04	.26
Model statistics		
R		.328
R-square		.107
Adjusted R-square		.063
F-value model		2.405
Signif F		.0564

*p<0.05, †p<0.1

As Table 6.52 illustrates, the findings of the multiple correlation analysis lend support to proposition P 2-15 with regard to the aspect of the product policy only. This statement is based on the significant relationship between the customer satisfaction and the standardisation of the product mix as indicated in Table 6.52. Meanwhile, the negative β coefficients show the negative relationship between the customer satisfaction and the product, pricing and distribution mix. This finding suggests that a company wins a larger degree of customer satisfaction if it standardises its product, pricing and distribution policy to a lower degree.

However, the positive β coefficient of the promotion mix implies that the German companies may win a larger degree of customer satisfaction by standardising their promotion mix to a higher degree. Moreover, the degree of the product mix standardisation influences the degree of customer satisfaction to the highest degree in comparison to the other marketing mix categories because of the highest absolute value of its β coefficient.

Table 6.53 summarises the key finding regarding proposition P 2-15.

Table 6.53.: Summary of Findings regarding Proposition P 2-15

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-15		X		Companies which do not standardise their marketing mix to a large degree are successful with regard to customer satisfaction in international markets (e.g. Chang, 1995, Kotler, 1986).

6.5 CONCLUSIONS

This chapter focused on the investigation of the contingency factors as they were identified in the conceptual framework of Jain (1989). The findings regarding the propositions with regard to the external and internal dimension of the underlying framework were analysed and discussed. The propositions were tested in a consistent manner by utilising simple correlation analysis first to test the proposition on a general basis and by applying a multiple analysis at a second stage in order to explore the specific relationships between the criterion variable and each categories of the predictor variable. Due to the nature of some propositions a t-test analysis was used for two-group comparisons and one-way ANOVA for more-than-two-group comparisons.

The findings indicate a general pattern with regard to the external and the internal factors: while a majority of findings (70%) referring to the

external factors lend support to the propositions, none of the propositions with regard to internal dimension could be supported. This general finding suggests support for Zou and Cavusgil (1996) and Collins (1991) who argue that the current knowledge with regard to the marketing standardisation debate is far less advanced in terms of internal factors. One could also argue that the findings indicate that while the external factors of the overseas markets are the same for competitors regardless of their nationality, German companies differ in terms of their internal marketing management factors from companies of other nationalities which have been explored before.

While most propositions regarding the external dimension were supported, the findings of this study imply that German companies do not tend to standardise their marketing mix if the product life cycle in home and host market are similar which contradicts the majority of previous findings (e.g. Bolz, 1992, Ozsmer et al, 1991, Akkah, 1991). Another key finding of this study is that German firms which operate in industrial markets are not more likely to standardise their marketing programme than German companies which offer consumer goods. This finding can be regarded as interesting since many authors have argued in the opposite direction (e.g. Chhabra, 1996, Cavusgil et al, 1993, Hill and Kwon, 1992, Samiec and Roth, 1992).

The investigation of the internal dimension indicated that German companies which adopt a geocentric/regiocentric approach towards

their operations are not more likely to standardise their marketing mix than companies which pursue an ethnocentric/polycentric orientation. Studies of Bolz (1992), Akaah, (1991) and Jain (1989) would have suggested that geocentric/regiocentric firms do so while in this study the geocentric-orientated and the ethnocentric-orientated companies showed a particularly high degree of standardisation in terms of their product programme. If one takes into account that these two types of orientations actually represent the contrary positions in terms of their corporate orientation this finding might irritate. But it also might be interpretable as certain support for the notion that this finding is German-specific since it was found in previous studies that German firms tend to consider their products as good enough for world markets if it manages to satisfy their home market (e.g. Shaw, 1994).

CHAPTER SEVEN

CONCLUSIONS

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7.1 INTRODUCTION

In this final chapter the study's main findings will be summarised with regard to the degree of the marketing standardisation of the marketing programme with regard to the external and internal contingency factors. Further, the limitations of the study will be identified and some suggestions for further research will be offered. Finally, some managerial implications as well as implications for further research will be indicated.

7.2 EMPIRICAL FINDINGS

The findings of this study are based on 86 responses from Germanys largest companies which represents a response rate of 17.2 %. This response rate compared well to other international studies (e.g. Shiphandler et al, 1994, Wolf, 1994, Akaah, 1991). Two thirds of the respondents (65.1%) operate in consumer goods markets and 34.9% are active in markets for industrial goods. In the following discussion the key empirical findings are split into two sections which address the findings in terms of the degree of the marketing standardisation and the findings with regard to the contingency factors.

7.2.1 DEGREE OF MARKETING STANDARDISATION

A major finding of this study is that German companies follow a clear pattern with regard to their international marketing strategy as they standardise their marketing programme activities to a high degree and the internal marketing activities to a lower degree. Almost the entire marketing mix (97.4%) is standardised to a high degree and with product elements being standardised the highest - especially the product quality, the brand name and the product features. Promotion also showed a high degree of standardisation (especially with regard to the use of free samples, displays and use of radio advertisement) followed by the elements of distribution and the price activities. With regard to distribution especially the tasks of the sales force overseas, the chosen distribution channels and the management of the sales force was highly standardised. The highest degree of price standardisation was indicated for the pricing to end-users as well as with regard to the credit terms and pricing to dealers.

Thus, these findings lend support to the studies of authors like Oszmer et al (1991) who stressed the tendency of German companies to standardise their marketing mix to a high degree. Although similar international studies with regard to large companies (e.g. Akaah, 1991) found a moderate to low degree of standardisation, the ranking order of standardisation (product, price, distribution, promotion elements) is the same as in this study. This observation is also

supported by other recent findings in the 1990s (e.g. Chhabra, 1996, Shoham, 1996, Akaah, 1991).

In contrast to the high standardisation of the marketing mix elements, only 28.6% of the internal marketing activities showed a high degree of standardisation. This finding of the study lends support to the limited potential of internal marketing process standardisation because of its sensitivity with regard to friction between the management of the headquarters and the country organisations which might have a different cultural background which limits its degree for standardisation (e.g. Bolz, 1992, Kreutzer, 1989, Wiechmann and Pringle, 1980, Huszagh et al, 1986, Rapp, 1985).

The internal marketing activities which were standardised were primarily concerned with setting the marketing objectives and performance criteria, the input into the strategic planning and the new product development which were all primarily set by the headquarters alone. The majority of marketing management process elements (51.1%) showed a low degree of standardisation. Especially, the decisions concerning activities like the distribution policy or the appointment of personnel were in the responsibility of the overseas operations. This lends support to findings of previous researchers (e.g. Meissner, 1988, Shaw, 1994) who found that German companies pay increasingly high attention to factors which are of primary importance to customers. The importance of distribution issues to overseas

markets and the exposure of the customers to local personnel of the firms can definitely be considered as such important customer-based factors.

With regard to control variables, a Kruskal-Wallis test was utilised and revealed that above findings did not differ significantly among factors such as the different industries, different company size and the type of company and the marketing programme. Nevertheless, further analysis indicated a tendency of companies with more than 50.000 employees to standardise their marketing process to a lower degree than smaller firms. Within the smaller firms, the ones with less than 5.000 employees showed a moderate to high degree of process standardisation while the firms with more than 5.000 people showed a moderate to low standardisation degree which lends support to the findings of Gencturk and Aulakh (1995) as well as to Picard (1979).

While the importance of the turnover generated internationally did not seem to have any impact on the degree of marketing programme or process standardisation of the German companies, the findings of this study indicate that the chosen overseas market has a certain (limited) impact on the standardisation decision: While the firms pursue a very similar approach with regard to their price and distribution mix towards the triad markets the findings of this study suggest that the German companies which referred to markets of the European Union (EU) standardised their product features to a higher degree than the

firms choosing markets outside the EU. This finding lends support to the notion that the consumer preferences within Europe are perceived by the companies as being converging. This surprises since the majority of research seems to suggest that this might not be the case (e.g. Müller and Kornmeier, 1996, Wenke, 1994, Löbbeck et al, 1993, Craig et al, 1992, Whitelock, 1987, Douglas and Wind, 1987).

With regard to the promotion standardisation the research showed that companies which choose North America as their host market – which 40.6% of the respondents did – tend to standardise their promotion activities to a higher degree than those choosing markets of the EU. This finding might reflect the higher degree of homogeneity in terms of cultural, linguistic and legal aspects in the American market in comparison to Europe as well as it lends support to the notion that certain aspects of the promotion mix in Europe still seem to require adaptations to specific markets (e.g. Whitelock et al, 1995, Müller and Kornmeier, 1996, Reed et al, 1992). The type of company in which the German companies operate in their overseas markets does not have an impact on the degree of marketing standardisation. However, an interesting finding is that a majority (75%) of respondents operated through a wholly owned subsidiary in the overseas market and thus the type of operation which potentially guarantees the highest degree of control in comparison to other types such as joint ventures, distributors. Therefore, this finding seems to confirm to a certain degree previous studies which found a high degree of controlling

interest in German companies when compared to firms of other nationalities (e.g. Wolf, 1994, Garnier, 1982, Daniels and Arpan, 1972).

Comparisons were made between the different market share and the different aspects of the marketing standardisation. The findings regarding the above notion show that there are no differences with regard to the aspects of the product, pricing, distribution programme as well as with regard to marketing management process. Thus, the non-financial performance of the German companies overseas does not influence the standardisation degree of these aspects. Nevertheless, the F statistics for the promotion mix yielded a significant level, which indicated that the German companies which enjoyed a market share of more than 50% in the chosen host market were significantly more likely to adapt their promotion activities to a higher degree.

Thus, the German companies which are extremely successful in their international market put great emphasis on ensuring that they are able to meet the local market requirements when they consider their communication activities. This finding lends support to the notion that despite that there might be potential for a high degree of standardisation with regard to general communication themes or specific advertising themes (as indicated by the overall high degree of the promotion policy standardisation in this study), particular campaigns in this area often require an adaptation to local market

needs to be successful (e.g. Whitelock et al, 1995, Bolz, 1992, Whitelock and Chung, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975). Table 7.1 gives an overview on the key findings:

Table 7.1: Propositions relating to the Degree of Marketing Mix Standardisation

Propositions (P 1)	Findings lend Support	Findings Do not lend Support	Findings lend partial support	The Degree of Marketing Standardisation
P 1-1	X			The highest level of standardisation within the marketing mix categories is likely to be found in the product mix category (Akaah, 1991, Bolz, 1992, Chhabra, 1996, Grosse and Zinn, 1991, Ozsmer et al. 1991, Shoham 1995, Sorenson and Wiechmann, 1975).
P 1-2	X			Within the product elements the "brand name" will be standardised to a very high degree that is likely to be higher than the degree of most other product elements (Chhabra, 1996, Sorenson and Wiechmann, 1975, Althans, 1982, Beutelmeyer and Mühlbacher, 1986).
P 1-3	X			The price elements show a lower degree of standardisation than the product elements because its potential for a high degree of standardisation is extremely sensitive to limiting factors such as the marketing infrastructure of the host markets (Shoham, 1995, Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Meyer, 1978, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

Table 7.1 (cont'd)

Propositions (P 1)	Findings lend Support	Findings do not lend support	Findings lend partial support	The Degree of Marketing Standardisation
P 1-4	X			The distribution elements have a lower degree of standardisation potential than the product elements by showing a similar standardisation level as the price elements due to their comparable sensitivity towards the marketing infrastructure of the overseas markets (Akaah, 1991, Althans, 1982, Chhabra, 1996, Shoham, 1996, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).
P 1-5		X		Within the distribution elements the "management of the sales force" is likely to be standardised to the lowest degree because of the predominant dependence on different cultural expectations of sales personnel as well as due to differences in market structures (Akaah, 1991, Baden Fuller and Stopford, 1988, Honeycutt and Ford, 1995, Hill et al, 1991, Meyer, 1978).
P 1-6	X			The promotion category will be standardised to a medium to high degree but lower than the product category acknowledging that several advantages can be achieved by a promotion standardisation (Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Müller and Kornmeier, 1996, Ozsmer et al, 1991).
P 1-7		X		Within the promotion elements the "advertising message" will be standardised to the highest degree (Theis, 1994, Akaah, 1991, Bolz, 1992, Beutelmeyer and Mühlbacher, 1986, Kreutzer, 1989, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975).

The findings of this study regarding the degree of product standardisation lend support to the findings of most previous studies (e.g. Chhabra, 1996, Shoham, 1996, Akaah, 1991, Ozsmer et al, 1991, Sorenson and Wiechmann, 1975). In this respect the findings of this study confirm with regard to German companies that the product

programme is the category of the marketing mix with the highest potential for standardisation. Especially the brand name of German products was standardised to a very high degree

But with regard to price standardisation a rather high degree was found which was not anticipated since a lot of previous research suggests a limited standardisation potential for the price category only (e.g. Shoham, 1995, Bolz (1992), Ozsmer et al, 1991, Kreutzer, 1989, Meyer, 1978). A positive correlation coefficient indicated a significant relationship ($p < 0.01$) for the pricing mix standardisation and the similarity of the marketing infrastructure between home and host market. This could lend support to the notion of Müller and Kornmeier (1995) who argued in favour of a convergence of marketing structures at least within Europe although there are plenty of examples supporting the opposite notion as well (e.g. Didzoleit, 1999, Simon and Wiese, 1995). The high degree of price standardisation of as indicated in this study can generate certain advantages with regard to parallel imports and the corporate positioning which might be the underlying reason for it (e.g. Bolz, 1992, Kreutzer, 1989, Channon and Jailland, 1979, Weiss, 1982, Kahmann, 1972).

Several studies suggest a high potential for promotion standardisation (e.g. Althans, 1982, Beutelmeyer and Mühlbacher, 1986, Bolz, 1992, Müller and Kornmeier, 1996, Ozsmer et al, 1991). But in this study

and despite its high degree of standardisation the promotion policy was the marketing category which was standardised to the lowest extent. This finding might indicate that the German companies are aware of the threats of a highly standardised promotion policy, particularly with regard to the advertising message (e.g. Kreutzer, 1989, Kahmann 1972, Keller, 1982, G6rge, 1979, Konradt, 1986).

7.2.2 CONTINGENCY VARIABLES

Another major aspect of this study are the findings which relate to the external standardisation drivers as well as the internal organisational aspects.

With regard to consumer characteristics and behaviour and the degree of the marketing mix standardisation, two categories of the marketing programme, product and pricing mix, showed correlation coefficients with a significant level ($p < 0.05$). Since the coefficients for both aspects indicated a positive direction, one can conclude that the greater the similarity in the home market and the host market in terms of customer characteristics are, the higher the degree of the product and of the pricing mix standardisation tends to be. This finding strengthens previous findings and notions in terms of target markets (e.g. M6ller and Kornmeier, 1996, Bolz, 1992, Ozsomer et al, 1991, Huszagh et al, 1985, Jain, 1989, Levitt 1983, Ohmae 1985). Especially with regard to the frequency with which the customers purchase and the loyalty

towards the distribution channel there exists a significant relationship with the standardisation of the product mix. But there was not sufficient evidence in this study to confirm that customer characteristics have a significant relationship with the standardisation of the distribution mix and the promotion programme.

The notion that a similarity with regard to economic factors favour a high degree of marketing standardisation can not be supported in this study despite the academic consensus about it (e.g. Chhabra 1996, Shoham, 1996, Bolz, 1992, Jain 1989). Even a further investigation by splitting the markets into the industrialised "triad" markets and less developed markets did not reveal significant differences in terms of product, price and distribution activities as one might expect (e.g. Wang, 1996, Ohmae, 1985, Hill and Still, 1984).

Only the coefficient for the promotion programme yielded a significant level ($p < 0.5$). The negative T-value implied that the German companies operating in the industrialised markets are more likely to standardise their promotion activities than the companies in less developed countries. This might lend some support to the proponents of the convergence theory (e.g. Szymanski et al, 1993, Ohmae, 1985, Levitt, 1983) despite the opposite notion of other researchers (e.g. Müller and Kornmeier, 1996, Shoham, 1995).

German companies are more likely to standardise their product programme and their distribution policy if their market position in the

chosen host market is similar to the German home market which lends partial support to the general notion which refers to the entire marketing programme (Meffert and Bolz, 1995, Müller and Kornmeier, 1995, Henzler and Rall 1986, Jain 1989). German firms rather tend to standardise their product programme and their distribution policy if their market position is similar in home and host market. Particular aspects of the market position of the German companies such a high market share or market leadership did not make any difference with regard to their marketing programme standardisation.

But one exception with regard to the marketing programme was found for the promotion policy. This finding indicated that the German companies which enjoy the highest possible market share in this study (of more than 50%) in their chosen host market are significantly more likely to adapt their promotion activities to a higher degree than the firms with a smaller market share. Thus, the overall findings suggest that while the degree of the standardisation of most marketing elements seem not to be influenced by the market share of the German companies, the most successful firms with regard to their market share overseas put great effort on meeting the local market requirements with regard to their promotion mix.

Moreover, with regard to the marketing process an interesting finding was indicated. The findings imply that there is a significant difference

on the degree of the marketing process ($F=5.73$, $p<0.01$) among the compared groups. All the utilised post hoc methods identified the German companies which were in an average market position in the home market are more likely to standardise their marketing process elements than those which are the market challengers in their market.

In other words the German companies which are less successful in terms of their market position in their home market tend to follow a more rigid and formal approach towards their marketing process which might be over-standardised and thus not flexible enough when compared to more successful competitors (e.g. Shoham, 1996, Bolz, 1992, Kreutzer, 1989).

With regard to the competition the German companies of this study tend to standardise their product mix and their distribution policy to a higher extent when they do not face a high degree of competition in their chosen overseas market. This finding seems to strengthen the general notion in terms of competition and marketing mix standardisation as proposed by several authors (e.g. Bolz, 1992, Ozsmer et al, 1991, Jain, 1989, Quelch and Hoff, 1986). With regard to the product policy this finding could be interpreted as support for the great confidence that German companies tend to have with regard to their product (e.g. Shaw, 1994). An at least perceived superiority in terms of their products in combination with a lack of competitive

substitutes seems to enable the German firms to put less effort into the difficult task to adapt their distribution policy overseas.

Previous research (e.g. Simon 1992, Shaw 1994) as well as the findings of this study suggest a general tendency of German companies to focus on other German firms as their main competitors overseas. Hence one could suggest that the nationality of the competitors in the overseas markets might have an impact on the marketing standardisation decision. This notion was tested by an One-way ANOVA analysis.

The findings imply that the companies that faced primarily other foreign companies as their main competitors in the host market are more likely to standardise their product, pricing and promotion mix to a high degree than those firms which face mainly competitors both from local and other foreign countries. This could be interpreted as the perceived opportunity to neglect a high degree of adaptation to local needs and wants of overseas customers if local competitors – which potentially might be able to know local requirements to a higher degree than foreign firms - appear to be absent.

For the distribution policy the findings suggests that the German companies which face competitors both from local and other foreign countries are more likely to standardise their distribution mix to a high degree than those companies with main competitors that are either

from the local market or from other foreign nations. In fact, two applied methods - LSD and the Duncan test - indicated that the German companies which face mainly competitors both from local and foreign markets are more likely to pursue a high degree of standardisation not only on their distribution mix but also on the product and promotion mix.

The findings of this study do not lend support to the proposition that the companies tend to standardise industrial goods to a higher degree than consumer goods (e.g. Chhabra, 1996, Cavusgil et al, 1993, Hill and Kwon, 1992, Samiee and Roth, 1992, Jain, 1989). An interesting observation can be made with regard to the F statistics which yielded a significant level ($p < 0.05$). The results of the post hoc procedures showed that the mean of group 3 (service providers) is significantly greater than the mean of group 1 which represented the German companies which offer consumer goods. This finding implies that the German companies selling consumer products tend to have a higher degree of standardisation on their marketing process than those offering services. This finding could indicate that the expectations of customers vary in different markets especially with regard to services which forces companies to pursue a less standardised approach.

With regard to the positioning aspect, the positioning of the product has positive relationships with every key category aspect of the marketing mix which was indicated by the coefficients which were all

positive in direction. This finding suggests that in terms of the nature of the product the German companies which position their products in a similar way overseas and in their home market are more likely to standardise their marketing mix than the companies with a different positioning in their foreign market as suggested by the literature (e.g. Bolz, 1992, Jain, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975).

The relation between positioning and the degree of standardisation of the different marketing programme categories are different with regard to the strength of its impact. The relationships between the product positioning and the product/pricing mix showed a moderate-to-strong degree since their correlation coefficients show a level of between 0.4 and 0.8. On the other hand, the relationships with the distribution policy and the promotion mix are weak ones since their r values were lower than 0.4. Thus, the decisions regarding the standardisation of the promotion and the distribution programme appear to be less dependent on similarities in terms of the product positioning overseas and in the German market. In contrast to this, the standardisation of the different price aspects as well as the various product elements of the product policy depend heavily on a similar positioning overseas.

With regard to the environmental aspects the weight of β coefficients which represented the relative importance of each predictor variable, indicated that the legal environment influenced every aspect of

marketing mix standardisation to the highest degree when compared to the other environmental factors such as the physical and political ones. The physical environment played the second most important role in terms of influencing the degree of standardisation of the three marketing mix categories whereas the political environment primarily influences the distribution mix to a comparatively high degree. These findings lend support to several studies (e.g. Akaah, 1991, Buzzell, 1968, Doz and Prahalad, 1980, Hill and Still, 1984, Jain, 1989).

This study also supports the studies of Akaah (1991), Hill and Still (1984) and Jain (1989) with regard to the notion that the similarity in terms of marketing infrastructure influences the degree of marketing standardisation. Moreover, the degree of the correlation with values of 0.51 and 0.41 respectively showed a moderate-to-strong relationship between the marketing infrastructure and the product and the promotion policy. The values of 0.29 and 0.36 showed a rather weak relationship between the marketing infrastructure and the policy which the German companies pursue in terms of their price and distribution policy.

With regard to the internal dimension the German companies with a geo- and regiocentric orientation showed a higher degree of marketing standardisation than ethno- and polycentric companies as the literature suggests (Bolz, 1992, Akaah, 1991, Jain, 1989, Perlmutter, 1969, Wind et al, 1987). But German companies which operate as a

subsidiary do not show a different degree of standardisation than firms with a more limited share of ownership in their overseas operation as some researchers suggest (e.g. Jain, 1989, Kashani, 1989, Rutigliano, 1986, Vernon, 1979).

Several authors suggest that the greater the controlling interest of the headquarters in its overseas operation is the more likely it is to pursue a standardised marketing strategy (e.g. Bolz, 1992, Kreutzer, 1989, Halliburton and Hünérberg, 1987, Ahn et al, 1986). But the findings of this study suggest that there is not a significant difference between the different tested groups. In other words, the German companies which operate in the host market with a wholly owned subsidiary do not show a significant difference on the degree of marketing mix standardisation in comparison to those firms which operate in other types of ownership overseas. But a significant relationship between the degree of the centralised control and the distribution mix was indicated. A negative coefficient suggests that the higher degree of centralised control of the headquarters in terms of its overseas operation is the more likely it is to pursue a standardised distribution policy.

A positive impact of a high degree of marketing standardisation on the financial performance has been suggested by several authors (e.g. Meffert and Bolz, 1995, Shoham, 1995, Kaynak and Kuan, 1993, Christensen et al, 1987). The findings of this study lend support to this

notion. Regarding the performance in terms of turnover, two coefficients yielded a significant level: the product mix ($p < 0.01$) and the pricing policy ($p < 0.1$). Thus, these two marketing mix aspects showed a significant relationship with the performance in terms of turnover. Moreover, the result implies that the German companies seem to be able to gain a higher degree of turnover performance if they standardise their product, distribution and promotion mix to a lower degree while standardising their pricing policy to a higher degree.

For the performance in terms of profit and ROI, the coefficient of the product policy mix showed a significant level ($p < 0.01$). The negative and the positive β coefficients imply that a company should standardises its product and distribution mix to a lower degree but its pricing and promotion mix to a higher degree when trying to obtain a higher degree of performance on profit and ROI.

With regard to the non-financial performance authors like Chang (1995) and Kotler (1986) suggest that companies which do not standardise their marketing mix to a large degree are successful with regard to customer satisfaction on international markets and echoes the underlying notion of the proponents of an adaptation approach. But the findings of this study do not lend support to this (except for the aspect of the product policy). Meanwhile, the negative β coefficients show the negative relationship between the customer satisfaction and the product, pricing and distribution mix. This finding suggests that a

company wins a larger degree of customer satisfaction if it standardises its product, pricing and distribution policy to a lower degree. Moreover, the degree of the product mix standardisation influences the degree of customer satisfaction to the highest degree in comparison to the other marketing mix aspects because of the highest absolute value of its β coefficient. Table 7.2 summarises the propositions regarding the contingency factors.

Table 7.2: Propositions relating to Contingency Factors

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-1			X (product, price)	Companies are likely to standardise their marketing mix to a higher degree if the consumer characteristics and their behaviour in the home market and in the host market are similar (Müller and Kornmeier, 1996, Bolz, 1992, Ozsomer et al, 1991, Huszagh et al, 1985, Jain, 1989, Levitt 1983, Ohmae 1985).
P 2-2		X		Companies are likely to standardise their marketing mix to a higher degree if the economic factors in the home market and in the host market are similar (e.g. Müller and Kornmeier, 1996, Chhabra 1996, Shoham, 1996, Bolz, 1992, Jain 1989, Levitt 1983, Ohmae 1985).
P 2-3			X (product, distri- bution)	Companies are more likely to standardise their marketing mix to a higher degree when their market position in the home and host markets are similar with regard to their market share (e.g. Meffert and Bolz, 1995, Müller and Kornmeier, 1995, Henzler and Rall 1986, Jain 1989, Sorenson and Wiechmann, 1975).
P 2-4			X (product, distri- bution)	Companies are more likely to standardise their marketing mix to a higher degree when the level of competitive rivalry is low (e.g. Bolz, 1992, Ozsomer et al, 1991, Jain, 1989, Kreutzer, 1989, Quelch and Hoff, 1986).
P 2-5	X			The more similar the target groups are with regard to the customers' perception and preference in the chosen overseas market the higher the degree of standardisation of the marketing mix (e.g. Roth, 1995, Bolz, 1992, Jain, 1989, Kreutzer, 1989).
P 2-6		X		Companies tend to standardise their marketing mix to a high degree if the product life cycle in home and host market is similar (Bolz, 1992, Ozsomer et al, 1991, Akkah, 1991, Jain, 1989, Kirplani, 1985, Kirplani and Macintosh, 1980, Sorenson and Wiechmann, 1975).
P 2-7		X		Companies which operate in consumer markets are less likely to standardise their marketing programme than companies which are involved in marketing industrial goods (e.g. Chhabra, 1996, Cavusgil et al, 1993, Hill and Kwon, 1992, Samice and Roth, 1992, Jain, 1989).

Table 7.2 (cont'd)

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-8	X			Companies which position their products in a similar way in their foreign markets as in their home markets are more likely to standardise their marketing mix than companies which have a different positioning in foreign markets (e.g. Bolz, 1992, Jain, 1989, Kreutzer, 1989, Sorenson and Wiechmann, 1975).
P 2-9			X (legal)	Companies are more likely to pursue a higher level of marketing mix standardisation if the political, physical and legal circumstances of the foreign market are similar to these aspects in the home market (e.g. Akaah, 1991, Buzzell, 1968, Doz and Prahalad, 1980, Hill and Still, 1984, Jain, 1989).
P 2-10	X			Companies are more likely to pursue a higher level of marketing mix standardisation if the marketing infrastructure of the foreign market is similar to this aspect in the home market (e.g. Chhabra, 1996, Ozsmer et al, 1991, Akaah, 1991, Hill and Still, 1984, Jain, 1989).
P 2-11		X		Companies which adopt a geocentric/regiocentric approach towards their operations are more likely to standardise their marketing mix than companies which pursue an ethnocentric/polycentric orientation (Bolz, 1992, Akaah, 1991, Jain, 1989, Perlmutter, 1969, Wind et al, 1987).
P 2-12		X		A company with a higher degree of ownership in its operations abroad is more likely to standardise its marketing mix than a company with limited ownership in its overseas operations (e.g. Jain, 1989, Kashani, 1989, Rutigliano, 1986, Vernon, 1979).
P 2-13		X		The greater the controlling interest of the headquarters in its overseas operation the more likely it is to pursue a standardised marketing strategy (e.g. Bolz, 1992, Kreutzer, 1989, Egelhoff, 1988, Halliburton and Hünérberg, 1987, Ahn et al, 1986).

Table 7.2 (cont'd)

Propositions (P 2)	Findings lend Support	Findings Do not lend support	Findings lend partial support	The Contingency Factors of Marketing Standardisation
P 2-14	X			Companies which standardise their marketing mix to a large degree are successful with regard to their financial performance in international markets (e.g. Meffert and Bolz, 1995, Shoham, 1995, Kaynak and Kuan, 1993, Christensen et al, 1987).
P 2-15		X		Companies which do not standardise their marketing mix to a large degree are successful with regard to customer satisfaction in international markets (e.g. Chang, 1995, Kotler, 1986).

7.3 LIMITATIONS

This section will discuss the limitations of this study. However, at first it will be indicated which of the limitations apparent in many other studies have been remedied in this study. This study tried to prevent many of the "conventional" limitations in this field of research in the following ways:

- it focused not only on external factors and the marketing programme but also on internal resource-based aspects of the marketing standardisation debate. Various authors (e.g. Zou and Cavusgil, 1996, Collins, 1991, Bartlett and Ghoshal, 1987) argue that the majority of previous research in this debate has primarily focused on the external factors and hardly considered internal

organisational aspects which are believed to have a major impact on the marketing standardisation decision. Thus, the study has, therefore, gone some way to fill this gap in the literature.

- it investigated organisations abroad by not focusing on one single market or region only such as many previous studies (e.g. Boddewyn et al, 1986, Whitelock and Chung, 1989). The findings of this study are based on a global scope of target markets and do not solely refer to the US market as in many other studies (e.g. Zou and Laughin, 1996, Cavusgil et al, 1993). Thus, this study contributes by narrowing the gap in the literature by considering the increased global activities of companies of today within the debate of international marketing standardisation.
- it focused on German companies which have hardly been explored before in this context (e.g. Shaw, 1995, Shaw and Wong, 1994, Shaw, 1992). Thus, for most German research has focused on conceptual studies and published in German which limits their impact internationally (e.g. Müller and Kornmeier, 1996, Böttcher and Welge, 1994, Jentner, 1992, Kreutzer, 1989). This study, therefore, has taken an empirical approach which further develops our understanding of how German companies operate.
- it included a wide range of predictor variables instead of only one or two. This differentiates this study from many older and even

recent studies which are rather limited with regard to the domain studied (e.g. Harris, 1994, Zandpour et al, 1994, Hill and Kwong, 1992, Hill and James, 1991).

- it has included studies not usually cited within the English language literature on the issue of international marketing standardisation. The fact that most German studies (e.g. Meffert and Bolz, 1995, Müller and Kornmeier, 19995, Theiss, 1994, Stegmüller, 1993, Bolz, 1992) appeared in the German language only seems to have blocked their way to the international research community.

Despite the fact that many limitations of previous research have been remedied, this study has its own limitations. These are discussed below:

- The results of this study are based on the perception of a single respondent in each organisation. This is a limitation which this study shares with a number of large-scale international studies (e.g. Akaah, 1991). The study of Matheson (1997) examines this aspect and finds significant gaps between the perceived practice and the actual practice in the organisations of respondents. The author finds that the Chief Executive Officers (CEO) have the rosiest view of their organisations while the further down the organisation's pecking order the researcher goes, the more

negative the ratings get due to different emphasis of objectives and responsibilities which the respondents across the different levels of an organisational hierarchy face. This finding lends support to Hambrick (1981) who established that CEO's perceptions are significantly closer to certain objective measures than the ones of managers on lower levels. Sharfman (1998) argues in this context that these findings are not surprising as the perceptions of CEOs and the objective-orientated reality should be closely matched because a lot of the manifestations of the strategies are coming from themselves. Despite of this potential bias the key-informant approach was chosen, however, because the prevalent response rates in international mail surveys make other approaches practically infeasible (see chapter four). A solution to this problem could be to try to get the co-operation of key managers within the organisations at headquarters and have them distribute the questionnaires among their colleagues. Given the difficulties in this and other research in gaining access to German companies this is unlikely to be possible in practice.

- The role of the respondents within their organisation is closely related to the limitations which arise from the different perception of respondents as discussed above. In this study the CEOs were targeted and almost all responses came from this group of respondents which also represents a potential bias. Wagner et al (1984) states that CEOs have in most cases more industry

experience and a different functional background than the majority of the other managers in a company. In addition, CEOs are typically older and tend to base their identity on norms attached to the roles they play (Stryker and Stratham, 1985). This notion is strengthened by Gecas and Burke (1995) who conclude that CEOs consider themselves as having the "big picture" perspective and therefore will perceive the world and act accordingly. These factors seem to be influencing the findings of Sharfman (1998) which suggest that CEOs' responses are systematically different from the ones of other senior managers. When applied to this study the findings of Sharfman (1998) and Gecas and Burke (1995) suggest that the answers received from the German Marketing Vice Presidents are likely to be orientated towards a rather "local" orientation. In contrast to this, the responses from the CEOs are more likely to show a more "cosmopolitan" or global orientation based on the different internal reference groups and backgrounds of these two groups of respondents. This obviously has potential to bias the responses of this study.

- The dominance of respondents from the engineering sector should also be acknowledged as it represents a certain limitation of this study. The engineering sector is traditionally a key sector of the German economy and strongly represented within the largest 500 German companies. In addition to this, however, the low response rate at the initial stage of this research made it necessary to hand

out questionnaires at a major trade show in which the engineering sector was represented well leading to the final dominance of responses from this sector. This fact represents a certain limitation of the study.

- Primarily for cost and time reasons the questionnaire could be sent to the German headquarters of the organisations only. This represents a limitation of this study since a parallel survey in all of the concerned country organisations of the respondents can investigate and confirm the actual degree of the standardisation as perceived by the respondent from the headquarters. Different perceptions of the degree of standardisation and differences in the actual implementation of the standardisation performed by the country organisations might result in an outcome that the respondents at headquarters consider the level of standardisation to be higher than it actually is overseas. This might make it a very interesting task for future studies to consider, although the broad geographical spread and the related difficulties with regard to securing the responses are likely to make it a challenge especially since the management of the overseas operations will be cautious to report other levels of standardisation than the ones set by the headquarters.
- As with any other study, this research also has its limitations with regard to typical respondent-related errors as well as with regard to

instrument-related errors. While much time and effort was invested to minimise the risk of instrument-related errors through thorough literature searches the potential respondent-related errors remained. As described in chapter four there was a large amount of reluctance to disclose information and it is difficult to guarantee that the respondents had all the necessary information to answer the questions in the correct way. Moreover, any answers of a single respondent are subjective which limits the general comparability of answers of different respondents and it also is possible that some respondents tried to present their company in the most positive way (e.g. Hooley and Hussey, 1995, Holm, 1991). While there are ways to check certain answers through secondary data this study relies as the majority of research in this field on the assumption that the given answers reflect reality to a large degree.

- This study is cross-sectional rather than longitudinal. Thus, the statistical correlations cannot unambiguously be interpreted as casual relationships. This study attempts to alleviate this problem by including an extensive literature review to justify the hypothesised causal relationships tested in this research. Nevertheless, a true test of the causality of the relationships tested in this study can only be offered by additional longitudinal research (e.g. Hooley and Hussey, 1995, Holm, 1991).

- Many of the specific propositions tested in this study could be accepted, in some cases the magnitude of the predicted differences or correlations was rather small though. This might indicate that the magnitude of the results might have suffered from striving for generalisability (e.g. Abelson, 1995). The same pursuit of generalisability led to the need for a large sample and hence a relatively high response rate. As indicated in chapter four, previous research shows that the length of the questionnaire is among the most important influencing factors on the response rate. Typically, the longer the questionnaire is the lower the response rate turns out to be. This knowledge led to the necessity to keep the questions of the questionnaire on a rather general level. Based on these results with regard to the German companies, future studies might try to enhance magnitude without compromising too much on generality by focusing on specific industries or overseas markets. This could be an interesting challenge since despite the fact that this study has a much larger geographical spread than many previous studies some country markets (e.g. Australia) have been practically neglected by the respondents of this research.
- In spite of the fact that various types of overseas operations were included in this study, the dominant mode of operation of the responding companies was the wholly owned subsidiary. The degree of marketing standardisation and various aspects related to it might be different in other types of operations which this study

did not receive an adequate number of responses from (e.g. franchising). Related to this, non-equity forms of co-operations such as the contractual alliances which have gained importance in high-tech and virtual industries recently were outside of the scope of this study. However, investigating this type of organisation might involve a tricky complexity due to its often volatile nature (e.g. Hagedoorn and Narula, 1996).

- A final limitation is related to the measurement of performance. By applying the same approach as most research in this field (e.g. Blaine, 1994, Meffert and Bolz, 1995, Kaynak and Kuan, 1993, Cavusgil and Kirplani, 1993, Ketchen and Snow, 1993) this study measured performance rather conventionally. Thus, it considered key factors such as return on investment but also non-financial indicators such as customer satisfaction as suggested by Whitt and Whitt (1988), Venkatraman and Ramanujam (1986) and Gosling (1988). Nevertheless, all these measures are influenced by differences in tax rates and especially by differences in accounting practises across country markets. Moreover, the accounting-based financial measures relate to the past rather than to the future (e.g. Meffert and Bolz, 1995, Kreutzer, 1989). Therefore, future researchers might consider to focus more on investigating more future-orientated measures such as investment in research and development or various measures of employee morale. Nevertheless, for the majority of these measures future researches

are likely to face similar difficulties that led this study to stick to the conventional measures because the dependence on the co-operation of the respondents is the highest when it comes to sensitive and confidential performance data (e.g. Meffert and Bolz, 1995, Bolz, 1992, Kreutzer, 1989). Any request for non-standard and thus more time consuming answers relating to performance are likely to be extremely difficult to get.

7.4 IMPLICATIONS

The finding imply that a high degree of marketing programme standardisation does not necessarily lead to a successful financial performance, but stress the importance of being aware of the risks of such an approach. A company has to carefully check the key questions of any marketing standardisation approach to evaluate its potential value with regard to the objectives of the firm. A variety of internal organisational and external country factors have to be considered carefully before deciding in favour of a standardised marketing strategy (e.g. Akaah, 1991, Chang, 1995, Jain, 1989, Shoham, 1995, Whitelock and Pimblett, 1997). The study results also suggest that the scope of standardisation does not have to be total (Agrawal, 1993, Cavusgil and Zou, 1994) and that different approaches with regard to the marketing programme and the marketing management process can be pursued within a single organisation which strengthens the notion

of the contingency perspective on standardisation (Wang, 1996, Zou et al, 1997, Bolz, 1992).

7.4.1 ACADEMIC IMPLICATIONS

This study does not resolve the global debate with regard to marketing standardisation but the findings have various academic implications:

First of all, it contributes to the overall standardisation debate by empirically testing the conceptual framework of Jain (1989) which has been tested only once before by Akaah (1991). As it was the aim of Jain (1989, page 76) to develop a model which "is likely to be useful in future studies in directing research attention to key variables and relationships" this study implies that the framework achieves its objectives. The conversion of this model into an empirical assessment was feasible and proved extremely useful in highlighting apparent weaknesses and the relative lack of knowledge with regard to certain key aspects within the marketing standardisation debate.

The findings of this study imply that within the marketing standardisation debate there is a considerable amount of knowledge with regard to the impact of external market factors on the degree of marketing programme standardisation. The empirical results of this study conform fairly closely the theoretical notions to external industry factors and, in addition to this, contribute to narrowing the gap in the

literature towards more empirical studies in this debate as opposed to descriptive ones which has often been regarded as a necessity (e.g. Raaij, 1997, Zou and Cavusgil, 1996, Agrawal, 1995, Shoham, 1995).

In contrast to the overwhelming empirical support for anticipated findings relating to the impact of the external dimension on the degree of standardisation, this study implies that there is the need to place greater emphasis on the internal, resource-based dimension and which impact they have in terms of the degree of marketing standardisation.

The empirical results relating to the internal organisational factors did not conform to the theoretical assumptions which were based on an extensive literature review. Thus, these results show considerable support for the need of further investigation as suggested by some authors (e.g. Zou and Cavusgil, 1996, Müller and Kornmeier, 1996 and Shoham, 1995).

The specific implications of the findings in this respect call for more research into the role of the corporate orientation, the impact of the controlling interest of headquarters and the degree of ownership of overseas operations and its impact on the degree of marketing standardisation.

Previous studies on marketing standardisation have also often claimed or implied that a high degree of marketing programme standardisation has a positive impact on the performance of a company (e.g. Meffert

and Bolz, 1995, Shoham, 1995, Kaynak and Kuan, 1993, Levitt, 1983). So far, however, the number of empirical tests of this relationship has remained limited. The findings of this study imply that the impact of marketing standardisation on specific aspects of corporate performance requires to be focused on to a larger degree than in the past and recent international standardisation debate. The need for a higher quantity of studies which consider the general aspect of performance has been stated for a long period of time by many authors (e.g. Jain, 1989, Huszagh et al, 1986, Hamel and Prahalad, 1985, Hout et al, 1982). In addition to this, this study is one of the few in this debate which provides empirical information not only on financial indicators but also on non-financial performance indicators. Contrary to theoretical expectations based on previous research (e.g. Chang, 1996, Kotler, 1986), a high degree of marketing standardisation did not show a negative relationship with local customer satisfaction, for example. More research into these largely neglected performance measures are needed to clarify these findings especially since the explanatory power of the commonly used financial measures could arguably be regarded as of limited use only since they depend to some extent on factors such as exchange rates or differences in accounting practises which do not reflect the actual performance of companies (e.g. Meffert and Bolz, 1995, Bolz, 1992).

Finally, the findings also contribute by integrating the German literature with regard to marketing standardisation into the

international debate. The study contributes to the understanding of the marketing strategies of German companies which are of key importance to the organisations which make Germany the leading economy within the European Union and one of the most powerful economies in the world. Despite this great economic importance, the literature implies that very little attention has been paid on the role of marketing strategies of German companies in an international context (e.g. Shaw, 1994, Bolz, 1992, Simon, 1990, Kreutzer, 1989). The extensive literature review suggests that this study is the very first to investigate empirically the degree of marketing standardisation in the top 500 German companies and its correlates based on the conceptual framework of Jain (1989) in a global context.

7.4.2 PRACTICAL IMPLICATIONS

In addition to the academic implications above, this study offers some quite remarkable findings which will enable marketing managers with international responsibility both, on a strategic and operational level, to better cope with the requirements of an increased global competition. The large number of recent studies (e.g. Melewar and Saunders, 1999, Ramarapu et al, 1999, Kaufmann and Eroglu, 1998, Rosenbloom et al, 1997, Whitelock and Pimblett, 1997, Zou et al, 1997) which investigates the specifics of international marketing standardisation highlights the current need for more theoretical clarification and pragmatic advice. How to make the right

international marketing decisions in times of a competitive environment which rapidly changes towards an increasingly strong internationalisation of world-wide competition and an increased consolidation of entire industries is likely to be of key importance with regard to surviving the global concentration process towards a comparably small number of successful global players.

In this respect, this study offers the practitioner a useful guide with regard to evaluating which international marketing standardisation approach might be beneficial for the concerned company, which questions have to be answered before pursuing such an approach and which internal and external factors have an impact on the marketing standardisation once it is pursued. Hence, the study represents a comprehensive guide to the planning process of a marketing standardisation strategy which should enable the practitioner to decide whether the planned or already conducted marketing standardisation is adequate.

The study offers support to the managers in terms of evaluating whether the degree of the marketing standardisation is too high to benefit from local opportunities or whether the degree of standardisation is not high enough to benefit from the potential advantages of the standardisation. Specifically, the results of this study suggest that the scope of standardisation does not have to be total (e.g. Agrawal, 1993, Cavusgil and Zou, 1994) and that different approaches

with regard to the marketing programme and the marketing management process can be pursued within a company. Thus, it highlights the need for a strategic fit between the internal company factors and the various external (market) aspects. Moreover, the study implies that a strategic fit in this context can primarily be achieved by changing the degree of the marketing standardisation or by changing the pre-requisites for the marketing standardisation.

Before changing the degree of the marketing standardisation the manager must evaluate which factors have a great impact on the situation focusing on the exploration of which marketing elements and which processes have a positive impact on the performance of the company. While a company is likely to find it difficult to influence the external pre-requisites, this is not impossible (e.g. Miller and Friesen, 1980, Snow and Hrebiniak, 1980) but the focus of the practitioner will probably lie on changing the internal pre-requisites such as the control of the overseas operations or the organisation towards a lead country concept, for instance.

The starting point of the analysis should be the awareness of the current situation in terms of the degree of the standardisation and with regard to company-specific pre-requisites. This should lead to a clear notion about the fit between the actual degree of standardisation and the current pre-requisites. Based on this notion, the marketing managers should be able to evaluate potential activities to improve the

pre-requisites for the marketing standardisation as well as he/she should be able to acknowledge remaining barriers. By pursuing this approach the practitioner should be able to explore potential activities with regard to changing the degree of the marketing standardisation while considering their potential impact on the performance of the firm.

More specifically, the practical implications of this study indicate that with regard to the regional scope a high degree of marketing programme standardisation is feasible across the world. While several previous studies only refer to one single region such as the European market (e.g. Huszagh et al., 1986, Whitelock, 1987) or to single markets which are developed to a lesser extent or located in the third world (e.g. Daz, 1981, Hill and Still, 1984), the results of this study refer to the entire world market. Thus, the findings can offer considerable support to the manager who favours a high degree of marketing mix standardisation especially in terms of the European and American market which arguably are developed to a comparatively high level (e.g. Bolz, 1992, Boddewyn et al., 1986, Ohmae, 1985).

Nevertheless, the findings of this study also prove to the managers the need to carefully evaluate the various external aspects of their targeted overseas markets. The large number of factors which influence the competitive situation of a company in a particular market influence the potential for harmonising marketing activities differently. This study

implies that special attention needs to be placed on the different stages of the market/product life cycle as it can have an influence on the ability to standardise the marketing programme. Samiee and Roth (1992) argued that uniformity with regard to marketing programmes are more likely in the early stages of the product life cycle because the number of competitors is fewer and thus the competition increases in the maturity stage. This development in combination with the circumstance that technology rarely changes at that stage might lead to a higher focus on market segmentation and product differentiation which can limit the potential for a high degree of standardisation (e.g. Bolz, 1992, Kreutzer, 1989, Kotler, 1986).

Another practical implication of this study with regard to the external dimension refers to the economic factors. While these factors have arguably an important impact in the standardisation decision (e.g. Müller and Kommeier, 1996, Shoham, 1996, Douglas and Wind, 1987, Huszagh et al., 1986) as well as any management has easy access to these information, this study implies that companies should be careful when considering these figures since a high degree of economic similarities alone do not automatically lead to a high potential for marketing mix standardisation.

Once the manager is clear about with regard to which markets and under which circumstances the firm could standardise its marketing efforts, the practical implications of this study illustrate the need for a

corporate decision not only regarding the marketing programme but also on internal organisational factors (e.g. Shoham, 1996, Bolz, 1992, Akaah, 1991, Jain, 1989). These primarily concern the standardisation of the processes which consider aspects such as the marketing planning, marketing control and marketing personnel (e.g. Bolz, 1992, Kreutzer, 1989, Peebles et al., 1978, Walters, 1986). While several authors (e.g. Zou and Cavusgil, 1996, Bolz, 1992, Kreutzer, 1989, Walters, 1986) highlight the great amount of attention which the internal dimension deserves generally, this study implies that a low degree of ownership in operations overseas does not limit or contradict the execution of a high degree of marketing programme standardisation. This finding is even more remarkable if one bears in mind that 75% of the respondents chose to operate via wholly owned subsidiaries which arguably secure a maximum degree of control over marketing executions and strategic implementations (e.g. Bolz, 1992, Kreutzer, 1989).

7.5 FUTURE RESEARCH DIRECTION

While this study did not resolve the debate regarding international marketing standardisation it has contributed to it substantially. The extensive literature review suggests that this study is the first which specifically investigates the largest German companies with regard to their approach towards international marketing standardisation in the described way.

In this respect, it contributes to narrowing an important gap in the literature as well as it considers an overview not only on the Anglo-Saxon literature but it also takes the relevant German literature into account. The fact that the few German studies on the subject appeared in the German language only seems to have blocked their way to the English speaking academic community. While most international researchers neglect the successful German companies in their research there seems to be a certain focus on American firms in this debate (e.g. Baalbaki and Malhorta, 1993, Cavusgil et al, 1993, Akaah, 1991, Boddewyn et al, 1986, Hill and Still, 1984) while German authors seem to prefer to address this issue on a conceptual level as opposed to an empirical approach (e.g. Müller and Kornmeier, 1996, Müller and Kornmeier, 1995, Rall, 1991, Kreutzer, 1989, Raffee, 1991, Theis, 1991).

Therefore, more empirical research is needed on this particular aspect of the standardisation debate with regard to German companies. Future research should also further examine empirically the approaches taken by comparable samples of firms on an European and world-wide level to improve the understanding of the actual nature and the extent of marketing standardisation in practise.

Further future research should also try to further assess the validity of Jain's (1989) framework. Especially the impact of the organisational factors in different international contexts as a correlate of the degree marketing standardisation require further research as well as the impact of marketing standardisation on performance. While the first focus could consider the marketing standardisation in the context of different ways of controlling their overseas operations the future focus on performance should take into account future-oriented measures as opposed to the past-oriented ones.

Moreover, it could be interesting to explore in more detail which differentiated contribution various standardisation elements can contribute. Due to the increasing internationalisation of corporate activities and increased competition on a world-wide scale this question is likely to gain more and more importance for the international firms which should motivate future researchers to further investigate this challenging question which can very well be the key question of future corporate success.

Future research should also broaden this study by taking into consideration small and medium size companies as many studies concentrate on very large corporations. The exploration of the standardisation approach taken by small and medium size companies from Germany might be of particular interest since they prove to be highly successful on a global scale as described by Simon (1992).

In addition to this, qualitative work is needed in order to gain more in-depth understanding of how international marketing strategies are developed in German companies and why companies finally choose to standardise to different degrees. Finally, future research should compare German companies with firms of different country of origin in order to see whether there are any differences. In this respect, the influence of culture with regard its impact on the degree of marketing standardisation and its influence on the role of subsidiaries are gaps in the literature to be investigated by future research.

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APPENDICES

APPENDIX

A 1

**Letter to the top 500 German
Companies**

«Anrede»
«Vorname» «Name»
«Firma»
«Adresse 1»
«Ort»
«Land»

Studie zur Marketingmix-Standardisierung der 500 umsatzstärksten deutschen Unternehmen

29.10.1997

Sehr geehrter «Anrede» «Name»,

im Rahmen einer aktuellen Promotion im Fachbereich Marketing und Strategisches Management an der Universität von Warwick konzentrieren wir uns auf die Standardisierung des internationalen Marketingmix von deutschen Unternehmen.

Mit dieser Dissertation verfolgen wir konkret die folgenden Ziele:

1. Die Erfassung des Ausmaßes der internationalen Marketingmix-Standardisierung der 500 umsatzstärksten deutschen Unternehmen im Umfeld des globalen Wettbewerbs.
2. Die Identifizierung und Analyse der externen Markteinflüsse sowie der internen organisatorischen Faktoren in den deutschen Unternehmen, die das Ausmaß ihrer Marketing-Standardisierung beeinflussen und Einfluß auf den Unternehmenserfolg nehmen.

Um diese Ziele erreichen zu können, benötigen wir für diese empirische Studie Ihre Unterstützung, denn - wie Sie es sich denken können - hängt der Erfolg dieser Arbeit sehr stark von den Informationen ab, die Sie uns mit dem kurzen Ausfüllen des umseitig beiliegenden Fragebogens zukommen lassen können.

Aber natürlich profitieren auch Sie vom Ausfüllen des Fragebogens:

Die Ergebnisse dieser Studie senden wir Ihnen selbstverständlich gerne zu, was für Sie und Ihr Unternehmen den Nutzen hat, einmal ein sehr konkretes, quantitatives Bild zu erhalten, wie andere erfolgreiche deutsche Unternehmen in ihrer Gesamtheit die Standardisierungsproblematik bewältigen. Somit kann diese Untersuchung auch für Sie ein interessanter (und kostenloser) Ausgangspunkt sein, Ihre eigene Position einmal mit den anderen deutschen Top-Unternehmen zu vergleichen (Stichwort: Benchmarking) und gegebenenfalls weiter zu optimieren.

Alle erhaltenen Informationen werden selbstverständlich absolut vertraulich behandelt und nur in zusammengefaßter Form abschließend präsentiert. Je mehr Fragebögen ausgefüllt werden, um so aussagekräftiger werden natürlich die Ergebnisse, die wir Ihnen zur Verfügung stellen können - also den Fragebogen am besten sofort ausfüllen und bitte bis Ende November an Herrn Richter zurücksenden; Vorabtests haben ergeben, daß Sie nicht mehr als etwa 25 Minuten zum Ausfüllen benötigen werden.

Wir hoffen auf Ihre Mithilfe bei diesem Projekt und möchten uns bereits vorab bei Ihnen ganz herzlich für Ihre Mühe bedanken.

Mit freundlichen Grüßen

Dr. Vivienne Shaw
Lecturer
Marketing & Strategic Management Group

Tobias Richter
Doctoral Researcher
Marketing & Strategic Management Group

APPENDIX
B 1
Questionnaire

MARKETING MIX STANDARDISATION IN INTERNATIONAL MARKETING

GENERAL COMPANY BACKGROUND

Company Name:

1. What are the main products or services of your company?

2. Number of employees (worldwide)?

less than 1.000 ☐ 1.001-5.000 ☐ 5.001-10.000 ☐ 10.001-50.000 ☐ 50.001-100.000 ☐
over 100.000 ☐

3. Which of the following best describes your company?

AG ☐ GmbH ☐ KG ☐ OHG ☐ e.G. ☐ other
(please specify)

4. What is your market share (Germany)?

less than 10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ 41%-50% ☐ 51% or over ☐

5. Which of the following statements best describes your company's position in Germany?

Our company is the market leader ☐ Our company is challenging for the market leader position ☐
Our company has an average market position ☐ Our company has a weak market position ☐

6. What percentage of your company's turnover do your international activities generate?

less than 10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ 41%-50% ☐ 51% or over ☐

7. How would you describe the orientation of your company to overseas markets in general? (please circle)

Strategies are developed primarily for the home market	1	2	3	4	5	Strategies are modified significantly to meet overseas requirements
Strategies are developed primarily for specific regions (e.g. Europe, Asia)	1	2	3	4	5	Strategies are primarily developed to meet one world-wide standard
Products are standardised world-wide	1	2	3	4	5	Products are adapted to local preferences
Prices are standardised world-wide	1	2	3	4	5	Prices are adapted to local preferences
Promotion activities are standardised world-wide	1	2	3	4	5	Promotion activities are adapted to local preferences
Distribution activities are standardised world-wide	1	2	3	4	5	Distribution activities are adapted to local preferences
Performance criteria are set by headquarters	1	2	3	4	5	Performance criteria are set locally
Strategic decisions are fully centralised	1	2	3	4	5	Strategic decisions are completely decentralised

8. With regard to the following factors please rate your company's performance in the German market over the past three years. (1 = very unsuccessful, 5 = highly successful)

Market Share	1	2	3	4	5
Turnover	1	2	3	4	5
Net Profit	1	2	3	4	5
Return on Investment	1	2	3	4	5
Customer Satisfaction	1	2	3	4	5

9. With regard to the following factors please rate your company's world-wide performance over the past 3 years.
(1 = very unsuccessful, 5 = highly successful)

Market Share	1	2	3	4	5
Turnover	1	2	3	4	5
Net Profit	1	2	3	4	5
Return on Investment	1	2	3	4	5
Customer Satisfaction	1	2	3	4	5

10. How important are the following overseas markets to the current financial performance of your company?
(1 = not important; 5 = very important)

	country served (please tick)	1	2	3	4	5
France	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
UK	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
Italy	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
other EU member states	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
other European countries	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
North America (USA/Canada)	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
South/Central America	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
Japan	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
China	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
other Asian	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
Australia/New Zealand	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
Africa	<input type="radio"/> yes <input type="radio"/> no	1	2	3	4	5
other (please specify):		1	2	3	4	5

11. How important are the following overseas markets likely to be in the next 10 years with regard to the financial performance of your company? (1 = not important; 5 = very important)

France	1	2	3	4	5
UK	1	2	3	4	5
Italy	1	2	3	4	5
other EU member states	1	2	3	4	5
other European countries	1	2	3	4	5
North America (USA/Canada)	1	2	3	4	5
South/Central America	1	2	3	4	5
Japan	1	2	3	4	5
China	1	2	3	4	5
other Asian	1	2	3	4	5
Australia/New Zealand	1	2	3	4	5
Africa	1	2	3	4	5
other (please specify):	1	2	3	4	5

PLEASE SELECT ONE OF THESE MARKETS AND REFER TO THIS MARKET ONLY WHEN ANSWERING THE FOLLOWING QUESTIONS. PLEASE SELECT THE OVERSEAS MARKET YOU ARE MOST FAMILIAR WITH. (IF YOU DO NOT OPERATE IN AN OVERSEAS MARKET PLEASE NEGLECT THE FOLLOWING.)

12. Which overseas market would you like to refer to in this study?

For purposes of this study could you please also select one product or service category and indicate below which one you have chosen. Please select the product or service which you are most familiar with.

In this study I would like to refer to the following product or service category: (please name one)

BACKGROUND TO SPECIFIC OVERSEAS MARKET SELECTED

13. Number of employees in your selected market?

less than 10 ☐ 11-50 ☐ 51-100 ☐ 101-500 ☐ 501-1,000 ☐ 1,001-2,500 ☐ 2,501-5,000 ☐
5,001-10,000 ☐ 10,001 and over ☐

14. What percentage of your company's turnover does this market account for?

0-5% ☐ 6%-10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ over 40% ☐

15. What is your market share in the chosen overseas market?

less than 10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ 41%-50% ☐ 50% or over ☐

16. How do you operate in your chosen overseas market?

Wholly owned Subsidiary ☐ Distributor ☐ By Franchising ☐ Direct Export ☐
Majority Equity Joint Venture ☐ Minority Equity Joint Venture ☐ other (please specify)

17. Which one of the following best describes your level of activity in your chosen overseas market?

manufacturing ☐ sales operations ☐ service operations ☐ sales and service operation ☐ distribution ☐
other (please specify)

18. How successful has your company been in your chosen market in the last three years with regard to your objectives? (1 = very unsuccessful, 5 = highly successful) (please tick if not applicable)

Market Share	1	2	3	4	5	<input type="radio"/>
Turnover	1	2	3	4	5	<input type="radio"/>
Sales Growth	1	2	3	4	5	<input type="radio"/>
Net Profit	1	2	3	4	5	<input type="radio"/>
Return on Investment	1	2	3	4	5	<input type="radio"/>
Customer Satisfaction	1	2	3	4	5	<input type="radio"/>

19. How successful has your company been in your chosen market in the last three years by comparison with your competitors? (1 = very unsuccessful, 5 = highly successful) (please tick if not applicable)

Market Share	1	2	3	4	5	<input type="radio"/>
Turnover	1	2	3	4	5	<input type="radio"/>
Sales Growth	1	2	3	4	5	<input type="radio"/>
Net Profit	1	2	3	4	5	<input type="radio"/>
Return on Investment	1	2	3	4	5	<input type="radio"/>
Customer Satisfaction	1	2	3	4	5	<input type="radio"/>

ASPECTS OF THE OVERSEAS MARKET AND YOUR CUSTOMERS

20. How would you describe the characteristics of your customers in your chosen overseas market compared with the customers in the German market? (1 = identical; 5 = highly different)

the way customers purchase	1	2	3	4	5
the buying criteria adopted by customers	1	2	3	4	5
frequency of purchases	1	2	3	4	5
customer bargaining power	1	2	3	4	5
degree of quality consciousness	1	2	3	4	5
customer needs	1	2	3	4	5
loyalty towards your products	1	2	3	4	5
loyalty towards the distribution channel	1	2	3	4	5
price sensitivity	1	2	3	4	5
geographic concentration of customers	1	2	3	4	5

21. How would you describe the socio-cultural characteristics in your chosen overseas market compared with the German market? (1 = highly similar; 5 = highly different) (please tick if not applicable)

language	1	2	3	4	5	<input type="radio"/>
age structure of population	1	2	3	4	5	<input type="radio"/>
typical size of households	1	2	3	4	5	<input type="radio"/>
income distribution	1	2	3	4	5	<input type="radio"/>
life style	1	2	3	4	5	<input type="radio"/>
educational level of management	1	2	3	4	5	<input type="radio"/>
skill level of workforce	1	2	3	4	5	<input type="radio"/>
industrial structure	1	2	3	4	5	<input type="radio"/>

22. How would you describe the economic factors of your chosen overseas market in comparison to the German market? (1 = highly similar; 5 = highly different)

GDP	1	2	3	4	5
GDP growth rate	1	2	3	4	5
Unemployment rate	1	2	3	4	5
Inflation rate	1	2	3	4	5
Customer Purchasing Power	1	2	3	4	5
Interest Rates	1	2	3	4	5

23. How would you describe the political environment of your chosen overseas market in comparison to the German market? (1 = highly similar; 5 = highly different)

Political system	1	2	3	4	5
Political stability	1	2	3	4	5
Foreign policy	1	2	3	4	5
Fiscal/monetary policy	1	2	3	4	5
Level of VAT tax	1	2	3	4	5
Government intervention in corporate business	1	2	3	4	5
Corporation tax	1	2	3	4	5

24. How would you describe the physical environment of your chosen overseas market in comparison to the German market? (1 = highly similar; 5 = highly different)

climate	1	2	3	4	5
topography	1	2	3	4	5
availability of raw materials	1	2	3	4	5
availability of human resources	1	2	3	4	5
access to technology	1	2	3	4	5

25. How would you describe the legal environment of your chosen overseas market in comparison with the German market? (1 = highly similar; 5 = highly different)

Legal system in general	1	2	3	4	5
Labour protection laws	1	2	3	4	5
Social laws	1	2	3	4	5
Patent/copyright protection	1	2	3	4	5
Environmental laws	1	2	3	4	5
Advertising laws	1	2	3	4	5
Employment laws	1	2	3	4	5
Company Laws	1	2	3	4	5
Packaging Laws	1	2	3	4	5
Pricing Laws	1	2	3	4	5
Shopping Laws	1	2	3	4	5

26. In comparison to the German market how easy is it to set up a company in your chosen overseas market? (1 = very easy; 5 = very difficult)

1	2	3	4	5
---	---	---	---	---

27. How would you describe the marketing structure of your chosen overseas market in comparison with the German market? (1 = highly similar; 5 = highly different)

range of your offered products	1	2	3	4	5
retail prices of your product range	1	2	3	4	5
availability of media	1	2	3	4	5
access to televisions	1	2	3	4	5
access to radios	1	2	3	4	5
access to printed publications	1	2	3	4	5
access to the internet	1	2	3	4	5
availability of distribution channels	1	2	3	4	5
customer access to distribution channels	1	2	3	4	5
ratio of small to big distribution channels	1	2	3	4	5
availability of skilled marketers	1	2	3	4	5
availability of advertising agencies	1	2	3	4	5

28. Do you work with the same advertising agency in your chosen overseas market as you do in the German market?
Yes ☐ No ☐

29. How would you describe the stage of the product life cycle in your chosen overseas market compared with the German market?
highly similar 1 2 3 4 5 highly different

30. In general, how would you describe your product/service positioning in your chosen overseas market compared with the German market? (1 = highly similar; 5 = highly different)
highly similar 1 2 3 4 5 highly different

31. How would you describe your product/service positioning with regard to the following in your chosen overseas market compared with the German market? (1 = highly similar; 5 = highly different)

price	1	2	3	4	5
quality	1	2	3	4	5
service	1	2	3	4	5
image	1	2	3	4	5

32. In general how would you describe your target customers in your chosen overseas market compared with the German market?

highly similar 1 2 3 4 5 highly different

33. How would you describe your target customer with regard to the following in your chosen overseas market compared with the German market? (1 = highly similar; 5 = highly different)

geographic concentration of customers	1	2	3	4	5
demographic profile of customer	1	2	3	4	5
behavioural profile of customer (e.g. usage rate)	1	2	3	4	5
psychographic profile of customer (e.g. lifestyle) 1	2	3	4	5	

34. How would you rate the level of competitive rivalry in your chosen overseas market?

not at all competitive 1 2 3 4 5 highly competitive

35. How does the level of competition in your chosen overseas market compare with the competition in the German market? (1 = much lower; 5 = much higher)

much lower 1 2 3 4 5 much higher

36. What is the nature of your main competitor?

mainly local companies 1 2 3 4 5 other foreign firms

37. If your main competitor in your chosen market is another foreign company, where is it from?

United Kingdom France ☐ Italy ☐ Germany ☐ other EU states ☐ other European countries ☐

North America (USA / Canada) ☐ South America ☐ Japan ☐ other Asian ☐ other (please specify)

38. Which one of the following statements best describes your company's position with regard to its market share in your chosen overseas market?

Our company is the market leader ☐ Our company is challenging for the market leader position

Our company has an average market position ☐ Our company has a weak market position ☐

39. Which one of the following best describes your company's orientation to your chosen home market?

The chosen overseas market is (as any foreign market) as important to us as our German home market ☐

Our company primarily considers the local preferences of the wider geographical region of the chosen overseas market ☐

Our company primarily adapts strategies originally developed for the German market to the chosen overseas market ☐

Our company primarily concentrates on the German home market - the chosen overseas market is of minor importance ☐

40. How would you describe your company's organisation in your chosen overseas market?

very flexible	1	2	3	4	5	very inflexible
very informal	1	2	3	4	5	very hierarchical
very loose control	1	2	3	4	5	tight control
decentralised control	1	2	3	4	5	centralised control
decentralised planning	1	2	3	4	5	centralised planning

41. How would you describe the following characteristics of your products / services in your chosen overseas market in comparison to the German market? (1 = identical; 5 = highly different)

						(please tick if not applicable)
product/service features	1	2	3	4	5	<input type="radio"/>
brand name	1	2	3	4	5	<input type="radio"/>
product/service design	1	2	3	4	5	<input type="radio"/>
product/service quality	1	2	3	4	5	<input type="radio"/>
product/service image	1	2	3	4	5	<input type="radio"/>
product/service packaging	1	2	3	4	5	<input type="radio"/>
product/service labelling	1	2	3	4	5	<input type="radio"/>
after-sales service	1	2	3	4	5	<input type="radio"/>
warranties	1	2	3	4	5	<input type="radio"/>

42. How would you describe your pricing strategy in your chosen overseas market in comparison to the German market? (1 = identical; 5 = highly different)

(please tick if not applicable)

price charged to end-user	1	2	3	4	5	<input type="radio"/>
price charged to dealer	1	2	3	4	5	<input type="radio"/>
pricing method to end-user	1	2	3	4	5	<input type="radio"/>
pricing method to dealer	1	2	3	4	5	<input type="radio"/>
price discounts to end-users	1	2	3	4	5	<input type="radio"/>
price discounts to dealers	1	2	3	4	5	<input type="radio"/>
credit terms to end-users	1	2	3	4	5	<input type="radio"/>
credit terms to dealers	1	2	3	4	5	<input type="radio"/>

43. How would you describe the characteristics of your distribution approach in your chosen overseas market in comparison to the German market? (1 = identical; 5 = highly different)

						(please tick if not applicable)
geographic concentration of distribution outlets	1	2	3	4	5	<input type="radio"/>
channel(s) of distribution	1	2	3	4	5	<input type="radio"/>
tasks of the salesforce	1	2	3	4	5	<input type="radio"/>
organisation of sales regions	1	2	3	4	5	<input type="radio"/>
management of salesforce	1	2	3	4	5	<input type="radio"/>
bargaining power of dealers/retailers	1	2	3	4	5	<input type="radio"/>

44. How would you describe the characteristics of your promotion activities in your chosen overseas market in comparison to the German market? (1 = identical; 5 = highly different)

						(please tick if not applicable)
role of advertising in general	1	2	3	4	5	<input type="radio"/>
advertising message	1	2	3	4	5	<input type="radio"/>
advertising agency used	1	2	3	4	5	<input type="radio"/>
media budget allocation	1	2	3	4	5	<input type="radio"/>
use of TV advertisement	1	2	3	4	5	<input type="radio"/>
use of printed advertising	1	2	3	4	5	<input type="radio"/>
use of radio advertising	1	2	3	4	5	<input type="radio"/>
use of the internet	1	2	3	4	5	<input type="radio"/>
approach to public relations	1	2	3	4	5	<input type="radio"/>
types of sales promotion	1	2	3	4	5	<input type="radio"/>
use of display materials	1	2	3	4	5	<input type="radio"/>
use of free samples	1	2	3	4	5	<input type="radio"/>
use of special events, sponsoring	1	2	3	4	5	<input type="radio"/>
use of customer training	1	2	3	4	5	<input type="radio"/>
use of personal selling	1	2	3	4	5	<input type="radio"/>

45. Do you supply promotion materials from the headquarters to your chosen overseas market?

always 1 2 3 4 5 never

46. To what extent does your operation in your chosen overseas market have responsibility for making the following marketing decisions? (1=set by headquarters, 2=set primarily by headquarters, 3=responsibility equally shared between headquarters/overseas operation, 4=set primarily by overseas operation, 5=set by overseas operation)

setting marketing objectives	1	2	3	4	5
marketing planning	1	2	3	4	5
setting sales targets	1	2	3	4	5
budgeting	1	2	3	4	5
adapting products/services to local needs	1	2	3	4	5
new product development	1	2	3	4	5
deciding which products to sell	1	2	3	4	5
pricing policy	1	2	3	4	5
distribution policy	1	2	3	4	5
design of promotion activities	1	2	3	4	5
setting performance criteria	1	2	3	4	5
controlling marketing performance	1	2	3	4	5
appointment of marketing personnel	1	2	3	4	5
input into strategic planning of company	1	2	3	4	5

THANK YOU VERY MUCH FOR YOUR CO-OPERATION

If you would like to a summary of the findings of this study please attach your business card to this questionnaire.

APPENDIX

B 2

**German Translation of the
Questionnaire**

MARKETINGMIX STANDARDISIERUNG IM INTERNATIONALEN MARKETING (D)

GENERELLE FIRMENINFORMATIONEN

Firmen Name:

1. Was ist der primäre Produkt/Servicebereich Ihrer Firma?

2. Beschäftigte (weltweit)?

weniger als 1.000 ☐ 1.001-5.000 ☐ 5.001-10.000 ☐ 10.001-50.000 ☐ 50.001-100.000 ☐
mehr als 100.000 ☐

3. Welche der folgenden Rechtsformen beschreibt Ihre Firma am besten?

AG ☐ GmbH ☐ KG ☐ OHG ☐ e.G. ☐ andere
(bitte spezifizieren)

4. Wie hoch ist der Marktanteil Ihrer Firma (in Deutschland)?

weniger als 10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ 41%-50% ☐ 51% oder mehr ☐

5. Welche der folgenden Aussagen beschreibt die Marktposition Ihrer Firma in Deutschland am besten?

Unsere Firma ist Marktführer ☐ Unsere Firma fordert den Marktführer heraus ☐
Unsere Firma hat eine durchschnittliche Marktposition ☐ Unsere Firma hat eine schwache Marktposition ☐

6. Wie hoch ist der prozentuale Umsatzanteil, den die internationalen Aktivitäten Ihrer Firma generieren?

weniger als 10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ 41%-50% ☐ 51% oder mehr ☐

7. Wie würden Sie die generelle Orientierung Ihrer Firma Auslandsmärkten gegenüber beschreiben?

Strategien werden primär für den deutschen Markt entwickelt	1	2	3	4	5	Strategien werden signifikant modifiziert, um den Anforderungen der Auslandsmärkten gerecht zu werden
Strategien werden primär für spezifische Regionen (z.B. Europa, Asien) entwickelt	1	2	3	4	5	Strategien werden primär entwickelt, um einen weltweiten Standard zu entsprechen
Produkte sind weltweit standardisiert	1	2	3	4	5	Produkte werden den lokalen Vorlieben angepaßt
Preise sind weltweit standardisiert	1	2	3	4	5	Preise werden den lokalen Präferenzen angepaßt
Promotion-Aktivitäten sind weltweit standardisiert	1	2	3	4	5	Promotion-Aktivitäten werden den lokalen Präferenzen angepaßt
Distributionsaktivitäten sind weltweit standardisiert	1	2	3	4	5	Distributionsaktivitäten werden den lokalen Präferenzen angepaßt
Erfolgskriterien von Firmenzentrale festgelegt	1	2	3	4	5	Erfolgskriterien werden lokal festgelegt
Strategische Entscheidungen sind vollständig zentralisiert	1	2	3	4	5	Strategische Entscheidungen werden komplett dezentral getroffen

8. Bitte schätzen Sie die folgenden Faktoren hinsichtlich Ihres Firmenerfolgs auf dem deutschen Markt unter Berücksichtigung der letzten drei Jahre ein. (1 = überhaupt nicht erfolgreich, 5 = sehr erfolgreich)

Marktanteil	1	2	3	4	5
Umsatz	1	2	3	4	5
Reingewinn	1	2	3	4	5
Kapitalrendite	1	2	3	4	5
Kundenzufriedenheit	1	2	3	4	5

9. Bitte schätzen Sie die folgenden Faktoren hinsichtlich Ihres Firmenerfolgs auf dem Weltmarkt unter Berücksichtigung der letzten drei Jahre ein. (1 = überhaupt nicht erfolgreich, 5 = sehr erfolgreich)

Marktanteil	1	2	3	4	5
Umsatz	1	2	3	4	5
Reingewinn	1	2	3	4	5
Kapitalrendite	1	2	3	4	5
Kundenzufriedenheit	1	2	3	4	5

10. Wie wichtig sind die folgenden Auslandsmärkte hinsichtlich Ihres momentanen, finanziellen Unternehmenserfolg? (1 = unwichtig; 5 = sehr wichtig)

	Land wird bedient:					
Frankreich	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
Großbritannien	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
Italien	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
andere EU Mitgliedsstaaten	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
andere europäische Länder	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
Nordamerika (USA/Kanada)	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
Süd/	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
Japan	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
China	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
andere Asiatische Länder	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
Australien/Neuseeland	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
Afrika	<input type="radio"/> ja <input type="radio"/> nein	1	2	3	4	5
andere (bitte spezifizieren):		1	2	3	4	5

11. Wie wichtig werden die folgenden Auslandsmärkte hinsichtlich Ihres finanziellen Unternehmenserfolg Ihrer Einschätzung nach in den nächsten 10 Jahren für ihr Unternehmen sein? (1 = unwichtig; 5 = sehr wichtig)

Frankreich	1	2	3	4	5
Großbritannien	1	2	3	4	5
Italien	1	2	3	4	5
andere EU Mitgliedsstaaten	1	2	3	4	5
andere europäische Länder	1	2	3	4	5
Nordamerika (USA/Kanada)	1	2	3	4	5
Süd/Zentralamerika	1	2	3	4	5
Japan	1	2	3	4	5
China	1	2	3	4	5
andere Asiatische Länder	1	2	3	4	5
Australien/Neuseeland	1	2	3	4	5
Afrika	1	2	3	4	5
andere (bitte spezifizieren):	1	2	3	4	5

BITTE WÄHLEN SIE EINEN AUSLANDSMARKT AUS UND BEZIEHEN SICH AUSSCHLIESSLICH AUF DIESEN BEI DEN NUN FOLGENDEN FRAGEN. BITTE WÄHLEN SIE DEN AUSLANDSMARKT MIT DEM SIE PERSÖNLICH AM MEISTEN VERTRAUT SIND. (SOLLTE IHRE FIRMA AUF KEINEM AUSLANDSMARKT AKTIV SEIN, SIND ALLE FOLGENDEN FRAGEN NICHT AUSZUFÜLLEN)

12. Auf welchen Auslandsmarkt möchten Sie sich bei dieser Studie beziehen?

BITTE WÄHLEN SIE FÜR DIE FOLGENDEN FRAGEN AUCH EINE PRODUKT- ODER SERVICEKATEGORIE AUS. BITTE WÄHLEN SIE DIE KATEGORIE AUS, MIT DER SIE AM VERTRAUTESTEN SIND.

In dieser Studie möchte ich mich auf folgende Produkt/Servicekategorie beziehen: (eine bitte benennen)

INFORMATIONEN ZUM AUSGEWÄHLTEN AUSLANDSMARKT

13. Beschäftigtenzahl im ausgewählten Auslandsmarkt?

weniger als 10 ☐ 11-50 ☐ 51-100 ☐ 101-500 ☐ 501-1.000 ☐ 1.001-2.500 ☐ 2.501-5.000 ☐
5.001-10.000 ☐ 10.001 und mehr ☐

14. Was für einen prozentualen Anteil hat der ausgewählte Markt an Ihrem Unternehmensumsatz?

0-5% ☐ 6%-10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ über 40% ☐

15. Wie hoch ist der Marktanteil Ihres Unternehmens in dem ausgewählten Auslandsmarkt?

weniger als 10% ☐ 11%-20% ☐ 21%-30% ☐ 31%-40% ☐ 41%-50% ☐ 50% und mehr ☐

16. In welcher Form operieren Sie im ausgewählten Auslandsmarkt?

100-%ige Tochtergesellschaft ☐ Distributeur ☐ Durch Franchising ☐ Direkt Export ☐

Durch Mehrheitsanteil an einem Joint Venture ☐ Durch Minderheitsanteil an einem Joint Venture ☐

In anderer Form (bitte spezifizieren)

17. Welche der folgenden Aktivitäten beschreibt am besten Ihre Unternehmensaktivitäten im ausgewählten Auslandsmarkt?

☐ Fertigung ☐ Verkaufsaktivitäten ☐ Service ☐ Verkaufs- und Service Aktivitäten ☐ Distribution
anderes (bitte spezifizieren)

18. Wie erfolgreich ist Ihr Unternehmen im ausgewählten Auslandsmarkt in Hinblick auf Ihre Ziele in den letzten drei Jahren gewesen ? (1 = überhaupt nicht erfolgreich, 5 = sehr erfolgreich)

(bitte ankreuzen falls nicht)

passend)						
Marktanteil	1	2	3	4	5	<input type="radio"/>
Umsatz	1	2	3	4	5	<input type="radio"/>
Umsatzwachstum	1	2	3	4	5	<input type="radio"/>
Reingewinn	1	2	3	4	5	<input type="radio"/>
Kapitalrendite	1	2	3	4	5	<input type="radio"/>
Kundenzufriedenheit	1	2	3	4	5	<input type="radio"/>

19. Wie erfolgreich ist Ihr Unternehmen im ausgewählten Auslandsmarkt im Vergleich zu Ihren Mitbewerbern in den letzten drei Jahren gewesen ? (1 = überhaupt nicht erfolgreich, 5 = sehr erfolgreich)

(bitte ankreuzen falls nicht)

passend)						
Marktanteil	1	2	3	4	5	<input type="radio"/>
Umsatz	1	2	3	4	5	<input type="radio"/>
Umsatzwachstum	1	2	3	4	5	<input type="radio"/>
Reingewinn	1	2	3	4	5	<input type="radio"/>
Kapitalrendite	1	2	3	4	5	<input type="radio"/>
Kundenzufriedenheit	1	2	3	4	5	<input type="radio"/>

ASPEKTE DES AUSLANDMARKTES UND DER DORTIGEN KUNDEN

20. Wie würden Sie die Kundencharakteristika im ausgewählten Auslandsmarkt im Vergleich zu Ihren deutschen Kunden beschreiben? (1 = identisch; 5 = hochgradig verschieden)

Kaufverhalten der Kunden	1	2	3	4	5
Kaufkriterien der Kunden	1	2	3	4	5
Kauffrequenz	1	2	3	4	5
Verhandlungsstärke der Kunden	1	2	3	4	5
Ausmaß des Qualitätsbewußtseins	1	2	3	4	5
Kunden Bedürfnisse	1	2	3	4	5
Produktloyalität der Kunden	1	2	3	4	5
Kundenloyalität bezgl. Distributionskanals	1	2	3	4	5
Preissensibilität der Kunden	1	2	3	4	5
Geographische Konzentration der Kunden	1	2	3	4	5

21. Wie würden Sie die sozio-kulturellen Charakteristika in dem ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

(bitte ankreuzen falls nicht passend)

Sprache	1	2	3	4	5	<input type="radio"/>
Altersstruktur der Bevölkerung	1	2	3	4	5	<input type="radio"/>
Typische Haushaltsgröße	1	2	3	4	5	<input type="radio"/>
Einkommensverteilung	1	2	3	4	5	<input type="radio"/>
Lebensstil	1	2	3	4	5	<input type="radio"/>
Ausbildungsniveau des Management	1	2	3	4	5	<input type="radio"/>
Ausbildungsgrad der Arbeiterschaft	1	2	3	4	5	<input type="radio"/>
Industrielle Struktur	1	2	3	4	5	<input type="radio"/>

22. Wie würden Sie die ökonomischen Faktoren im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

Bruttosozialprodukt	1	2	3	4	5
Wachstumsrate des Bruttosozialprodukts	1	2	3	4	5
Arbeitslosenrate	1	2	3	4	5
Inflationsrate	1	2	3	4	5
Kundenkaufkraft	1	2	3	4	5
Zinsraten	1	2	3	4	5

23. Wie würden Sie die politische Umwelt des ausgewählten Auslandsmarktes im Vergleich zum deutschen Markt beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

Politische System	1	2	3	4	5
Politische Stabilität	1	2	3	4	5
Auslandspolitik	1	2	3	4	5
Fiskal/Finanzpolitik	1	2	3	4	5
Niveau der Mehrwertsteuer	1	2	3	4	5
Ausmaß staatlicher Intervention in Geschäfte	1	2	3	4	5
Unternehmenssteuer	1	2	3	4	5

24. Wie würden Sie die physische Umwelt des ausgewählten Auslandsmarktes im Vergleich zum deutschen Markt beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

Klima	1	2	3	4	5
Topographie	1	2	3	4	5
Verfügbarkeit von Rohmaterialien	1	2	3	4	5
Verfügbarkeit von menschlichen Ressourcen	1	2	3	4	5
Zugang zu Technologie	1	2	3	4	5

25. Wie würden Sie die juristische Umwelt des ausgewählten Auslandsmarktes im Vergleich zum deutschen Markt beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

Rechtssystem generell	1	2	3	4	5
Arbeitsschutz-Gesetze	1	2	3	4	5
Sozialgesetze	1	2	3	4	5
Patent/Copyrightschutz	1	2	3	4	5
Umweltschutzgesetze	1	2	3	4	5
WerbeGesetze	1	2	3	4	5
Beschäftigungsgesetze	1	2	3	4	5
Firmengesetze	1	2	3	4	5
Verpackungsgesetze	1	2	3	4	5
Preisregelungen	1	2	3	4	5
Einkaufszeit-Gesetze	1	2	3	4	5

26. Wie einfach ist es im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt eine neue Firma zu gründen? (1 = sehr einfach; 5 = sehr schwierig)

1	2	3	4	5
---	---	---	---	---

27. Wie würden Sie die Marketing-Struktur im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

Angebotene Produktkollektion	1	2	3	4	5
Verkaufspreise des Sortiments	1	2	3	4	5
Vorhandensein von Media	1	2	3	4	5
Zugang zu Fernsehern	1	2	3	4	5
Zugang zu Radios	1	2	3	4	5
Zugang zu Druckmedien	1	2	3	4	5
Zugang zum Internet	1	2	3	4	5
Verfügbarkeit von Distributionskanälen	1	2	3	4	5
Kundenzugang zu Distributionskanälen	1	2	3	4	5
Verhältnis von kleinen zu großen Distributionsstätten	1	2	3	4	5
Vorhandensein von ausgebildeten Verkaufskräften	1	2	3	4	5
Vorhandensein von Werbeagenturen	1	2	3	4	5

28. Arbeiten Sie mit der selben Werbeagentur im ausgewählten Auslandsmarkt wie im deutschen Markt?

Ja ☐ Nein ☐

29. Wie würden Sie die erreichte Phase des Produktlebenszyklus im ausgewählten Auslandsmarkts im Vergleich zum deutschen Markt beschreiben? sehr ähnlich 1 2 3 4 5 sehr verschieden

30. Wie würden Sie Ihre Produkt/Service Positionierung im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt insgesamt beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

sehr ähnlich 1 2 3 4 5 sehr verschieden

31. Wie würden Sie Ihre Produkt/Service Positioning im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt und in Hinblick auf die folgenden Aspekte beschreiben? (1 = sehr ähnlich; 5 = hochgradig verschieden)

Preis	1	2	3	4	5
Qualität	1	2	3	4	5
Service	1	2	3	4	5
Image	1	2	3	4	5

32. Wie würden Sie generell Ihre Kunden-Zielgruppe im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben?

sehr ähnlich 1 2 3 4 5 sehr verschieden

33. Wie würden Sie Ihre Kunden-Zielgruppe im ausgewählten Auslandsmarkt in Hinblick auf die folgenden Aspekte und im Vergleich zum deutschen Markt beschreiben? (1 = sehr ähnlich; 5 = sehr verschieden)

Geographische Konzentration von Kunden	1	2	3	4	5
Demografisches Profil von Kunden	1	2	3	4	5
Verhaltensprofil von Kunden (z.B. Gebrauchsrate)	1	2	3	4	5
Psychografisches Profile von Kunden (z.B. Lebensstil)	1	2	3	4	5

34. Wie würden Sie das Wettbewerbsniveau im ausgewählten Auslandsmarkt bewerten?

überhaupt nicht konkurrierend 1 2 3 4 5 sehr konkurrierend

35. Wie würden Sie das Wettbewerbsniveau im ausgewählten Auslandsmarkt mit dem Wettbewerb im deutschen Markt vergleichen? (1 = viel geringer; 5 = sehr viel höher)

viel geringer 1 2 3 4 5 viel höher

36. Wer sind Ihre hauptsächlichen Mitbewerber im ausgewählten Auslandsmarkt?

vor allem einheimische Unternehmen 1 2 3 4 5 primär andere ausländische Firmen

37. Falls Ihr Hauptmitbewerber im ausgewählten Auslandsmarkt eine andere ausländische Firma ist, woher ist sie?

Frankreich ☐ Großbritannien ☐ Italien ☐ Deutschland ☐ andere EU Staaten ☐ andere europäische Länder ☐
 Nord Amerika (USA / Canada) ☐ Süd Amerika ☐ Japan ☐ anderer Asiaten ☐ andere (bitte spezifizieren).....

38. Welche der folgenden Aussagen beschreibt die Marktposition Ihrer Firma im Auslandsmarkt am besten?

Unsere Firma ist Marktführer ☐ Unsere Firma fordert den Marktführer heraus ☐
 Unsere Firma hat eine durchschnittliche Marktposition ☐ Unsere Firma hat eine schwache Marktposition ☐

39. Welche der folgenden Aussagen beschreibt am besten die Orientierung Ihres Unternehmens zum ausgewählten Auslandsmarkt?

Der ausgewählte Auslandsmarkt ist (wie jeder Auslandsmarkt) für uns genau so wichtig wie der deutsche Markt ☐

Unser Unternehmen berücksichtigt primär die lokalen Bedürfnisse der weiteren geographischen Region des Auslandsmarktes ☐

Unser Unternehmen paßt primär Strategien auf den ausgewählten Auslandsmarkt an, die ursprünglich für den deutschen Markt entwickelt worden waren ☐

Unser Unternehmen konzentriert sich primär auf den deutschen Inlandsmarkt - der gewählte Auslandsmarkt ist von untergeordneter Ordnung ☐

40. Wie würden Sie die Organisation Ihres Unternehmens im ausgewählten Auslandsmarkt beschreiben?

sehr flexibel	1	2	3	4	5	sehr inflexibel
sehr informell	1	2	3	4	5	sehr hierarchisch
sehr lockere Kontrolle	1	2	3	4	5	starke Kontrolle
dezentralisierte Kontrolle	1	2	3	4	5	zentralisierte Kontrolle
dezentralisierte Planung	1	2	3	4	5	zentralisierte Planung

41. Wie würden Sie die folgenden Charakteristika Ihrer Produkte/Service im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben (1 = identisch; 5 = hochgradig anders)

	(bitte ankreuzen falls nicht passend)				
Produkt/Service Eigenschaften	1	2	3	4	5 <input type="radio"/>
Brandname	1	2	3	4	5 <input type="radio"/>
Produkt/Service Design	1	2	3	4	5 <input type="radio"/>
Produkt/Service Qualität	1	2	3	4	5 <input type="radio"/>
Produkt/Service Image	1	2	3	4	5 <input type="radio"/>
Produkt/Service Verpackung	1	2	3	4	5 <input type="radio"/>
Produkt/Service Edikettierung	1	2	3	4	5 <input type="radio"/>
After-Sales-Service	1	2	3	4	5 <input type="radio"/>
Garantien	1	2	3	4	5 <input type="radio"/>

42. Wie würden Sie die Preisstrategie im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben? (1 = identisch; 5 = hochgradig anders)

	(bitte ankreuzen falls nicht passend)				
Preis, den der Endverbraucher zahlt	1	2	3	4	5 <input type="radio"/>
Preis, den der Händler zahlt	1	2	3	4	5 <input type="radio"/>
Preismethode für Endverbraucherpreis	1	2	3	4	5 <input type="radio"/>
Preismethode für den Händlerpreis	1	2	3	4	5 <input type="radio"/>
Preisnachlässe für den Endverbraucher	1	2	3	4	5 <input type="radio"/>
Preisnachlässe für den Händler	1	2	3	4	5 <input type="radio"/>
Zahlungsbedingung für den Endverbraucher	1	2	3	4	5 <input type="radio"/>
Zahlungsbedingung für den Händler	1	2	3	4	5 <input type="radio"/>

43. Wie würden Sie die Distributionsstrategie im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben? (1 = identisch; 5 = hochgradig anders)

	(bitte ankreuzen falls nicht passend)				
Geographische Konzentration von Distributionspunkten	1	2	3	4	5 <input type="radio"/>
Distributionskanal	1	2	3	4	5 <input type="radio"/>
Aufgaben der Vertriebsmitarbeiter	1	2	3	4	5 <input type="radio"/>
Organisation der Vertriebsregionen	1	2	3	4	5 <input type="radio"/>
Management des Vertriebs	1	2	3	4	5 <input type="radio"/>
Verhandlungsmacht von Händlern	1	2	3	4	5 <input type="radio"/>

44. Wie würden Sie die Kommunikationsstrategie im ausgewählten Auslandsmarkt im Vergleich zum deutschen Markt beschreiben? (1 = identisch; 5 = hochgradig anders)

	(bitte ankreuzen falls nicht passend)				
Generelle Rolle von Werbung	1	2	3	4	5 <input type="radio"/>
Werbehotschaft	1	2	3	4	5 <input type="radio"/>
Ausgewählte Werbeagentur	1	2	3	4	5 <input type="radio"/>
Werbudget Allokierung	1	2	3	4	5 <input type="radio"/>
Gebrauch von Fernsehwerbung	1	2	3	4	5 <input type="radio"/>
Gebrauch von Werbung in Printmedien	1	2	3	4	5 <input type="radio"/>
Gebrauch von Radiowerbung	1	2	3	4	5 <input type="radio"/>
Gebrauch des Internets	1	2	3	4	5 <input type="radio"/>
Haltung gegenüber PR (public relations)	1	2	3	4	5 <input type="radio"/>
Typen von Verkaufsförderung	1	2	3	4	5 <input type="radio"/>
Gebrauch von VKF-Material (Displays etc.)	1	2	3	4	5 <input type="radio"/>
Gebrauch von kostenlosen Proben	1	2	3	4	5 <input type="radio"/>
Gebrauch von besonderen Veranstaltungen, Sponsoring	1	2	3	4	5 <input type="radio"/>
Gebrauch von Kundens Schulungen	1	2	3	4	5 <input type="radio"/>
Gebrauch von Persönlichem Verkauf	1	2	3	4	5 <input type="radio"/>

45. Versorgt Ihre Firmenzentrale den ausgewählten Auslandsmarkt mit Kommunikation/Promotion Material?

immer 1 2 3 4 5 niemals

46. In welchem Ausmaß haben Ihre Mitarbeiter im ausgewählten Auslandsmarkt Verantwortung für die folgenden Marketingentscheidungen? (1=alleinige Verantwortung der Zentrale, 2=primär Verantwortung in der Zentrale, 3=Verantwortung zu gleichen Teilen zwischen Zentrale und Auslandsmarkt geteilt, 4=primär Verantwortung im Auslandsmarkt, 5=alleinige Verantwortung beim Auslandsmarkt)

Festlegen von Marketingzielen	1	2	3	4	5
Marketingplanung	1	2	3	4	5
Festlegung von Verkaufszielen	1	2	3	4	5
Budgetierung	1	2	3	4	5
Adaption von Produkten/Service an lokale Bedürfnisse	1	2	3	4	5
Entwicklung neuer Produkte	1	2	3	4	5
Entscheidung, welche Produkte zu verkaufen	1	2	3	4	5
Preispolitik	1	2	3	4	5
Distributionspolitik	1	2	3	4	5
Design von Promotion Aktivitäten	1	2	3	4	5
Festlegung von Erfolgskriterien	1	2	3	4	5
Kontrolle der Marketing Performance	1	2	3	4	5
Ernennung des Marketing Personals	1	2	3	4	5
Input zur strategischen Planung des Unternehmens	1	2	3	4	5

VIELEN DANK FÜR IHRE KOOPERATION

Wenn Sie gerne eine Kopie der Ergebnisse dieser Studie erhalten möchten, legen Sie bitte diesem Fragebogen Ihre Visitenkarte bei.

**APPENDIX
C1
Further Company
Characteristics
and their Impact on
Standardisation**

Market Position in the German Market

Market position	Frequency
Market leader	51.8 %
Market challenger	28.2 %
Average market position	20 %
Weak market position	0 %
Total	100%

International Turnover as Share of Total Business

International Turnover of business	Frequency
<10%	20.7 %
11-20%	14.6 %
21-30%	11 %
31-40%	4.9 %
41-50%	18.3 %
51% and more	30.5 %
Total	100%

Chosen Overseas Market of Responding Companies

Industry	Frequency
North America	40.6 %
European Union	31.8 %
(within EU: UK	7.2 %)
(within EU: France	5.8 %)
(within EU: Italy	4.3 %)
Other European (NON EU)	13 %
Asia	10 %
Others	4.6%
Total	100%

Market Share in the German Market and the Standardisation of
Distribution and Promotion Policy

	Number of Cases		Mean		T	Sig. (2-Tailed)
	≤30%	>30%	≤30%	>30%		
Distribution factors	53	27	2.73	2.40	2.25	.027*
Geographic concentration	53	27	2.83	2.44	1.37	.174
Distribution channels overseas	53	27	2.57	2.26	1.30	.199
Sales force tasks overseas	53	27	2.51	2.07	2.12	.038*
Sales regions organisation	53	27	2.81	2.44	1.54	.127
Sales force management	53	27	2.68	2.37	1.31	.195
Bargaining power of dealers	53	27	3.00	2.81	.72	.473
Promotion factors	53	27	2.77	2.30	2.96	.004**
Advertising role in general	53	27	2.91	2.33	2.58	.012*
Advertising message	53	27	2.70	2.56	.61	.543
Ad agency used	53	27	3.19	2.74	1.53	.130
Media budget allocation	53	27	2.85	2.52	1.46	.148
Use of TV ads	53	27	2.74	2.22	1.72	.090
Use of print	53	27	2.66	2.52	.78	.440
Use of radio ads	53	27	2.64	2.37	.92	.359
Use of internet	53	27	2.85	2.26	2.23	.029*
Approach to PR	53	27	2.81	2.04	3.64	.000***
Sales promotion types	53	27	2.74	2.22	2.54	.013*
Use of displays	53	27	2.70	2.04	2.52	.014*
Use of free samples	53	27	2.55	2.04	1.99	.051
Use of sponsoring, events	53	27	2.66	2.41	.94	.349
Customer training use	53	27	2.80	2.07	4.02	.000***
Personal selling use	53	27	2.77	2.22	2.62	.011*

***p<0.001, **p<0.01, *p<0.05, p<0.10, all 2-tailed

Group 1=less than 30% market share; Group 2=more than 30% market share

Market Share in the German Market and the Standardisation of
Product and Price Policy

	Number of Cases		Mean		T	Sig. (2-Tailed)
	≤30%	>30%	≤30%	>30%		
Product factors	53	27	2.36	2.05	1.80	.075
product features	53	27	2.30	1.93	1.80	.076
brand name	53	27	2.17	2.04	.44	.660
product design	53	27	2.30	2.11	.77	.444
product quality	53	27	2.00	1.93	.31	.755
product image	53	27	2.36	2.07	1.31	.195
product package	53	27	2.40	2.00	1.67	.099
product labelling	53	27	2.42	2.04	1.43	1.57
after-sale service	53	27	2.62	2.19	1.92	.059
Warranties	53	27	2.66	2.15	1.90	.061
Price factors	53	27	2.81	2.51	1.90	.062
end user price	53	27	2.98	2.52	2.13	.036*
dealer price	53	27	2.83	2.56	1.28	.204
pricing to end users	53	27	2.64	2.41	1.10	.273
pricing to dealers	53	27	2.74	2.56	.82	.413
end user discounts	53	27	2.96	2.59	1.49	.142
dealer discounts	53	27	2.89	2.52	1.67	.099
credit to end users	53	27	2.81	2.52	1.32	.191
credit to dealers	53	27	2.66	2.41	1.05	.295

*p<0.05, p<0.10, both 2-tailed

Group 1=less than 30% market share; Group 2=more than 30% market share

International Turnover and the Standardisation of the Product and
Price Policy

	Number of Cases		Means		T	Sig. (2-Tailed)
	≤30%	>30%	≤30%	>30%		
Product factors	38	44	2.34	2.25	.55	.584
Product features	38	44	2.21	2.14	.38	.704
brand name	38	44	2.42	1.95	1.70	.093
Product design	38	44	2.31	2.20	.48	.632
Product quality	38	44	2.08	1.95	.57	.573
Product image	38	44	2.53	2.16	1.86	.066
Product package	38	44	2.29	2.25	.17	.864
Product labelling	38	44	2.34	2.34	.00	.996
after-sale service	38	44	2.47	2.55	-.34	.738
Warranties	38	44	2.37	2.68	-1.24	.219
Price factors	38	44	2.71	2.82	-.43	.672
End user price	38	44	2.84	2.91	-.34	.733
Dealer price	38	44	2.84	2.71	.67	.503
Pricing to end users	38	44	2.58	2.68	-.54	.589
Pricing to dealers	38	44	2.74	2.66	.38	.707
End user discounts	38	44	2.82	3.00	-.82	.413
Dealer discounts	38	44	2.66	2.93	-1.31	.194
credit to end users	38	44	2.63	2.93	-1.47	.144
credit to dealers	38	44	2.58	2.70	-.55	.587

p<0.10, 2-tailed

Group 1: less than 30% and 30%, Group 2: more than 31%

International Turnover and the Standardisation of the Distribution and Promotion Policy

	Number of Cases		Means		T	Sig. (2-Tailed)
	≤30%	>30%	≤30%	>30%		
Distribution factors	38	44	2.75	2.54	.88	.383
Geographic distribution concentration	38	44	2.71	2.77	-.24	.813
Distribution channels overseas	38	44	2.55	2.39	.75	.454
Sales force tasks overseas	38	44	2.63	2.16	2.49	.015*
sales regions organisation	38	44	2.89	2.55	1.55	.124
Sales force management	38	44	2.74	2.43	1.41	.162
Bargaining power of dealers	38	44	2.95	2.95	-.03	.976
Promotion factors	38	44	2.69	2.60	.59	.558
Advertising role in general	38	44	2.87	2.61	1.19	.238
Advertising message	38	44	2.76	2.61	.69	.494
ad agency used	38	44	3.26	2.84	1.56	.122
Media budget allocation	38	44	2.68	2.82	-.63	.533
use of TV ads	38	44	2.55	2.61	-.21	.831
use of print	38	44	2.63	2.61	.11	.916
use of radio ads	38	44	2.45	2.66	-.78	.440
use of internet	38	44	2.84	2.57	1.10	.276
Approach to PR	38	44	2.79	2.43	1.71	.091
sales promotion types	38	44	2.74	2.52	1.15	.253
use of displays	38	44	2.58	2.50	.32	.751
use of free samples	38	44	2.29	2.50	-.86	.395
use of sponsoring, events	38	44	2.55	2.64	-.33	.741
Customer training use	38	44	2.63	2.57	.35	.728
Personal selling use	38	44	2.74	2.50	1.16	.251

*p<0.05, p<0.10, both 2-tailed,

Group 1: less than 30% and 30%, Group 2: more than 31%

Degree of Marketing Standardisation with regard to the Percentage of
Turnover from International Activities

Compared groups (group no.)	Product	Pricing	Distri- bution	Promo- tion	Marketing Process
less than 10% (1)					
Mean	2.34	2.67	2.97	2.71	3.28
Std	.83	.82	.64	.60	.74
11%-20% (2)					
Mean	2.16	2.55	2.28	2.45	3.36
Std	.82	.88	.80	.70	.85
21%-30% (3)					
Mean	2.57	3.00	2.94	2.98	3.12
Std	.53	.71	.74	.57	.64
31%-40% (4)					
Mean	2.42	2.69	2.29	2.32	2.96
Std	.55	.54	.64	.52	.54
41%-50% (5)					
Mean	2.30	2.89	2.84	2.64	3.06
Std	.73	.62	.78	.76	.65
51% or over (6)					
Mean	2.19	2.79	2.40	2.62	3.04
Std	.74	.59	.82	.74	.63
F Ratio	.46	.59	2.35*	.80	.65
LSD test			1>2,6		
Duncan test			1>2,6		
Tukey HSD test			None		
Scheffe test			None		

*p<0.05

None means "No two groups are significantly different at the 0.10 level"

Results of Reliability Analysis on Marketing Process Variables

Variables	Measure	Cronbach Alpha
Marketing management process	A 14-item measure	.92
Internal factors		
Delegation of authority with regard to nature of organisation	A 2-item measure	.83
Delegation of decision-making authority	A 14-item measure	.92

Degree of Marketing Process Standardisation

Marketing Process Activity	Mean Rating	Std deviation
New product development	2.52	1.35
Input into strategic planning	2.72	.95
Setting performance criteria	2.79	1.15
Setting marketing objectives	2.83	1.08
Setting sales targets	3.03	1.05
Budgeting	3.05	.92
Controlling performance	3.12	1.00
Deciding which products to sell	3.32	1.06
Pricing policy	3.36	1.03
Marketing planning	3.39	.91
Design of promotion activities	3.50	1.03
Adapting products and services	3.72	1.07
Appointment of marketing personnel	3.78	1.08
Distribution policy	3.80	.86

Mean rating : 1= set by headquarters, 5= set by overseas operation

Marketing Process Standardisation and Corporate Orientation

Compared groups (group no.)	Product	Pricing	Distribution	Promotion	Marketing process
Geocentric orientation (1)					
Mean	1.97	2.58	2.42	2.41	3.21
Std	.55	.76	.67	.64	.70
Regiocentric orientation (2)					
Mean	2.32	2.81	2.67	2.67	3.24
Std	.82	.88	.94	.85	.77
Polycentric orientation (3)					
Mean	2.16	2.60	2.57	2.51	2.92
Std	.79	.73	.81	.87	.66
Ethnocentric orientation (4)					
Mean	1.80	2.85	2.92	2.68	3.51
Std	.65	.64	.54	.62	.77
F Ratio	1.36	.47	.64	.52	1.14
LSD test					
Duncan test					
Student-Newman					
Keuls					
Tukey HSD test					
Scheffe test					

"None" means "No two groups are significantly different at the 0.10 level."

Linear Regression Models of Controlling Interest

Independent Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
Delegation of authority (Control loose/tight)	.08	.69	.14	1.14	.07	.58	-.08	-.67
Delegation of authority (Control decentralised/centralised)	-.22	-1.82	-.10	-.83	-.25	-2.15*	-.08	-.68
Model statistics								
R	.196		.131		.234		.136	
R-square	.038		.017		.055		.019	
Adjusted R-square	.015		-.007		.032		-.005	
F-value model	1.66		.724		2.368		.784	
Signif F	.196		.488		.100		.460	

*p<0.05

8

Linear Regression Models of the Influence of various Decision-making Variables and Marketing Standardisation

Independent Variables	Products		Pricing		Distribution		Promotion	
	β	T-value	β	T-value	β	T-value	β	T-value
Setting marketing objectives	.16	.91	.10	.54	.31	1.74†	.02	.14
Marketing planning	.05	.29	.13	.74	-.02	-.11	.20	1.27
Setting sales targets	-.12	-.64	-.14	-.70	-.11	-.56	.02	.11
Budgeting	-.19	-1.12	-.21	-1.21	-.12	-.71	-.17	-1.11
Adapting products/services	.01	.04	-.01	-.07	-.03	-.18	-.09	-.71
New product development	.10	.53	.30	1.57	.10	.53	.48	2.83**
Deciding which products to sell	.44	2.53*	.32	1.80†	.20	1.11	.17	1.04
Pricing policy	-.16	-.92	-.27	-1.51	-.04	-.25	-.16	-1.02
Distribution policy	-.33	-1.74†	-.25	-1.28	-.06	-.29	-.02	-.13
Design of promotion activities	-.08	-.94	.16	1.01	-.12	-.77	.22	1.51
Setting performance criteria	.20	.84	-.30	-1.57	-.17	-.86	-.18	-1.02
Controlling marketing performance	.99	.33	.07	.38	.17	.99	.14	.92
Appointment of marketing personnel	-1.75	-.08†	-.09	-.61	-.21	-1.37	-.42	-3.01**
Input into strategic planning of company	.55	.59	.24	1.56	.33	2.15*	.19	1.35

Model statistics

R	.465	.412	.456	.591
R-square	.216	.170	.208	.349
Adjusted R-square	.061	.006	.049	.220
F-value model	1.40	1.036	1.311	2.716
Signif. F	.178	.429	.223	.003**

**p<0.01, *p<0.05, †p<0.1

APPENDIX

C 2

**Further Characteristics of the
Overseas Operations and
their Impact on Marketing
Standardisation**

Degree of Product and Price Standardisation with regard to Type of Operation in the chosen Host Market

	Number Of Cases		Means		T	Sig. (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Product factors	54	18	2.15	2.19	-.18	.860
product features	54	18	2.04	2.11	-.31	.761
brand name	54	18	1.87	2.28	-1.17	.244
product design	54	18	2.09	2.33	-.82	.412
product quality	54	18	1.87	1.77	.35	.729
product image	54	18	2.19	2.22	-.14	.887
product package	54	18	2.26	1.78	2.11	.038*
product labelling	54	18	2.31	1.83	2.07	.042*
after-sale service	54	18	2.30	2.83	-2.01	.049*
Warranties	54	18	2.43	2.50	-.22	.825
Price factors	54	18	2.70	2.74	-.19	.852
end user price	54	18	2.76	3.06	-1.08	.283
dealer price	54	18	2.78	2.61	.62	.535
pricing to end users	54	18	2.44	2.89	-2.29	.026*
pricing to dealers	54	18	2.67	2.61	.21	.827
end user discounts	54	18	2.94	2.64	1.09	.281
dealer discounts	54	18	2.87	2.44	1.56	.124
credit to end users	54	18	2.61	3.06	-1.59	.116
credit to dealers	54	18	2.56	2.67	-.37	.716

*p<0.05 2-tailed

Group 1=Wholly owned subsidiary, Group 2= other types of operation

Degree of Distribution and Promotion Standardisation with regard to
Type of Operation in the chosen Host Market

	Number Of Cases		Means		T	Sig. (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Distribution factors	54	18	2.56	2.81	-1.10	.274
geographic distribution concentration	54	18	2.67	2.83	-.49	.627
distribution channels overseas	54	18	2.31	2.78	-1.65	.104
sales force tasks overseas	54	18	2.24	2.61	-1.49	.140
sales regions organisation	54	18	2.65	2.83	-.61	.543
sales force management	54	18	2.46	2.89	-1.51	.136
bargaining power of dealers	54	18	3.00	2.89	.35	.725
Promotion factors	54	18	2.59	1.53	2.87	.005**
advertising role in general	54	18	2.72	1.66	2.71	.008**
advertising message	54	18	2.52	3.00	-1.75	.084+
ad agency used	54	18	3.09	1.72	2.93	.004**
media budget allocation	54	18	2.78	2.16	2.35	.021*
use of TV ads	54	18	2.76	1.73	3.44	.001**
use of print	54	18	2.34	2.72	-1.13	.264
use of radio ads	54	18	2.63	2.17	1.30	.038*
use of internet	54	18	2.44	3.17	-2.24	.028*
approach to PR	54	18	2.39	2.89	-1.83	.072+
sales promotion types	54	18	2.48	2.67	-.73	.470
use of displays	54	18	2.46	2.13	1.33	.022*
use of free samples	54	18	2.41	2.06	1.12	.268
use of sponsoring, events	54	18	2.65	2.11	2.00	.012*
customer training use	54	18	2.52	2.56	-.16	.877
personal selling use	54	18	2.57	2.56	0.07	.945

***p<0.001, **p<0.01, *p<0.05, +p<0.10, all 2-tailed

Group 1=Wholly owned subsidiary, Group 2= Other types of operation

Product and Price Standardisation with regard to the Level of Activity
in the chosen Host Market

	Number Of Cases		Means		T	Sig. (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Product factors	32	39	1.96	2.20	-1.15	.252
product features	32	39	1.93	2.22	-1.42	.160
brand name	32	39	1.78	2.10	-1.05	.296
product design	32	39	1.93	2.31	-2.01	.038*
product quality	32	39	1.58	1.94	-1.85	.067†
product image	32	39	2.31	2.07	.94	.300
product package	32	39	2.03	2.21	-.74	.458
product labelling	32	39	2.12	2.23	-.38	.706
after-sale service	32	39	2.53	2.33	.82	.415
Warranties	32	39	2.44	2.44	.01	.996
Price factors	32	39	2.88	2.57	1.70	.093†
end user price	32	39	3.09	2.62	2.02	.047*
dealer price	32	39	3.00	2.51	2.13	.037*
pricing to end users	32	39	2.72	2.41	1.39	.170
pricing to dealers	32	39	2.90	2.43	2.04	.045*
end user discounts	32	39	3.09	2.67	1.59	.116
dealer discounts	32	39	2.94	2.62	1.33	.188
credit to end users	32	39	2.69	2.74	-.22	.824
credit to dealers	32	39	2.59	2.56	.11	.912

*p<0.05, †p<0.10, both 2-tailed

Group 1=sales and service operation, Group 2= all others

Distribution and Promotion Standardisation with regard to the Level of Activity in the chosen Host Market

	Number of Cases		Means		T	Sig. (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Distribution factors	32	39	2.61	2.61	.02	.986
Distribution concentration	32	39	2.69	2.72	-.14	.893
Distribution channel	32	39	2.50	2.36	.56	.577
sales force tasks overseas	32	39	2.31	2.33	-.10	.923
Sales regions organisation	32	39	2.69	2.69	-.02	.986
Sales force management	32	39	2.53	2.59	-.23	.818
Bargaining power/dealers	32	39	2.97	2.97	-.02	.984
Promotion factors	32	39	2.70	2.47	1.31	.195
Advertising role general	32	39	3.00	2.46	2.28	.026*
Advertising message	32	39	2.59	2.67	-.29	.769
Ad agency used	32	39	3.13	2.90	.69	.491
Media budget allocation	32	39	2.87	2.59	1.16	.249
Use of TV ads	32	39	2.65	2.41	.76	.453
Use of print	32	39	2.63	2.54	.44	.662
Use of radio ads	32	39	2.59	2.44	.50	.619
Use of internet	32	39	2.72	2.53	.63	.529
Approach to PR	32	39	2.81	2.26	2.34	.022*
Sales promotion types	32	39	2.72	2.36	1.63	.109
Use of displays	32	39	2.53	2.33	.68	.499
Use of free samples	32	39	2.31	2.31	.02	.986
Use of sponsoring, events	32	39	2.65	2.38	.92	.362
Customer training use	32	39	2.56	2.48	.36	.721
Personal selling use	32	39	2.75	2.41	1.46	.148

*p<0.05, 2-tailed; Group 1 = sales and service operation, Group 2 = all others

Degree of Product and Price Standardisation with regard to the Market

Share in the chosen Host Market

	Number Of Cases		Means		T	Sig. (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Product factors	27	19	2.21	2.29	-.36	.722
Product features	27	19	2.07	1.95	.49	.627
Brand name	27	19	2.00	2.00	.00	1.00
Product design	27	19	1.93	2.47	-1.82	.0764
Product quality	27	19	1.85	2.16	-1.07	.289
Product image	27	19	2.33	2.47	-.53	.600
Product package	27	19	2.07	2.32	-.73	.470
Product labelling	27	19	2.26	2.37	-.29	.770
After-sale service	27	19	2.59	2.32	.85	.403
Warranties	27	19	2.74	2.53	.61	.543
Price factors	27	19	2.64	2.84	-.79	.436
End user price	27	19	2.70	3.05	-1.18	.243
Dealer price	27	19	2.67	2.79	-.39	.700
Pricing to end users	27	19	2.44	2.79	-1.24	.221
Pricing to dealers	27	19	2.70	2.74	-.11	.915
End user discounts	27	19	2.79	2.95	-.49	.623
Dealer discounts	27	19	2.70	2.84	-.40	.695
Credit to end users	27	19	2.63	2.84	-.67	.504
Credit to dealers	27	19	2.52	2.74	-.63	.530

$p < 0.10$, 2-tailed

Group 1 = 10% or less

Group 2 = more than 20 %

Degree of Distribution and Promotion Standardisation with regard to
the Market Share in the chosen Host Market

	Number Of Cases		Means		T	Sig. (2-Tailed)
	Group 1	Group 2	Group 1	Group 2		
Distribution factors	27	19	2.52	2.72	-.70	.489
Geographic distribution concentration	27	19	2.74	2.89	-.40	.688
Distribution channels overseas	27	19	2.37	2.47	-.33	.745
Sales force tasks overseas	27	19	2.22	2.21	.04	.968
Sales regions organisation	27	19	2.59	2.79	-.57	.569
Sales force management	27	19	2.37	2.53	-.47	.638
Bargaining power of dealers	27	19	2.85	3.42	-1.63	.111
Promotion factors	27	19	2.63	2.58	.23	.819
Advertising role in general	27	19	3.04	2.42	1.90	.064†
Advertising message	27	19	2.96	2.42	1.67	.102
Ad agency used	27	19	2.96	3.00	-.08	.933
Media budget allocation	27	19	2.59	2.84	-.71	.483
Use of TV ads	27	19	2.56	2.89	-.80	.429
Use of print	27	19	2.59	2.68	-.38	.706
Use of radio ads	27	19	2.52	2.89	-.95	.346
Use of internet	27	19	2.67	2.32	1.00	.322
Approach to PR	27	19	2.62	2.36	.78	.438
Sales promotion types	27	19	2.63	2.32	1.12	.268
Use of displays	27	19	2.56	2.36	.51	.610
Use of free samples	27	19	2.19	2.53	-.97	.338
Use of sponsoring, events	27	19	2.52	2.47	.12	.907
Customer training use	27	19	2.56	2.58	-.09	.931
Personal selling use	27	19	2.48	2.53	-.14	.888

†p<0.10, 2-tailed

Group 1 = 10% or less

Group 2 = more than 20 %

Degree of Marketing Standardisation with regard to the Market Share
in the chosen Host Market

Compared groups (group no.)	Product	Pricing	Distri- bution	Promo- tion	Marketing Process
Mean	2.20	2.64	2.52	2.63	3.09
Std	.78	.84	.85	.78	.75
11-20% (2)					
Mean	1.95	2.64	2.51	2.42	3.19
Std	.62	.65	.69	.71	.66
21-30% (3)					
Mean	2.30	2.83	2.67	2.61	3.29
Std	.78	.85	.62	.63	.83
31-40% (4)					
Mean	1.94	2.88	2.38	2.57	2.93
Std	.61	.60	.72	.62	.59
41-50% (5)					
Mean	2.16	2.19	2.92	1.30	3.18
Std	.71	.82	.59	.68	.65
51 and over (6)					
Mean	3.00	3.50	3.50	3.70	3.96
Std	.60	.71	.71	.55	.53
F Ratio	1.12	.74	.64	2.46*	.73
LSD test				1,2,3,4, 6>5	
Duncan test				6>1,2,5 1,2,3,6> 5	
Tukey HSD test				6>1,2,5 6>5	
Scheffe test				None	

*p<0.05, 2-tailed

None means "No two groups are significantly different at the 0.10 level"

Grouping of Overseas Markets for a T-test Analysis with regard to
chosen overseas markets and marketing standardisation

Grouping of markets overseas	Group 1	Group 2
Case 1	North America	All others
Case 2	UK	All others
Case 3	EU members	Non-EU Europeans
Case 4	All Europeans	All others
Case 5	Asians	All others
Case 6	EU members	North America

Chosen Overseas Market of the Survey and the Degree of Product Standardisation

	CASE 1		CASE 2		CASE 3		CASE 4		CASE 5		CASE 6	
	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)
Product factors	.35	.729	.63	.533	-1.26	.212	-1.11	.272	.00	.997	-.73	.468
product features	.88	.381	.68	.501	-2.04	.045*	-1.79	.077+	.23	.820	-1.37	.175
brand name	.42	.679	-.13	.901	-.88	.379	-.97	.335	.38	.706	-.62	.537
product design	-.52	.604	.07	.941	.29	.775	.23	.817	-.35	.724	.45	.654
product quality	.22	.824	1.00	.322	-1.71	.091+	-1.73	.088+	.51	.613	-.87	.386
product image	.17	.863	.32	.751	-1.52	.131	-1.07	.287	-.07	.946	-.76	.452
product package	-.98	.330	.89	.377	.38	.704	.39	.698	.49	.629	.79	.430
product labelling	.54	.590	.59	.557	-.54	.588	-.58	.564	-.21	.833	-.56	.574
after-sale service	.06	.954	.35	.724	-1.31	.194	-.91	.368	.01	.992	-.56	.580
Warranties	1.49	.139	.71	.478	-1.71	.091+	-1.55	.124	-.73	.470	-1.62	.110

***p<0.001, **p<0.01, *p<0.05, +p<0.10, all 2-tailed

Chosen Overseas Market of the Survey and the Degree of Price Standardisation

	CASE 1		CASE 2		CASE 3		CASE 4		CASE 5		CASE 6	
	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)
Price factors	.52	.606	.85	.400	-1.61	.112	-1.10	.273	.68	.500	-.98	.333
end user price	.32	.748	-.91	.365	-1.82	.073 ₊	-1.77	.081 ₊	1.60	.114	-.94	.348
dealer price	.29	.773	1.30	.198	-.61	.544	-.23	.822	-.06	.954	-.45	.656
pricing to end users	.72	.475	.27	.788	-1.47	.146	-1.26	.210	.30	.765	-1.04	.302
pricing to dealers	1.09	.279	1.77	.081	-1.28	.202	-1.03	.305	-.10	.919	-1.24	.219
end user discounts	.38	.704	-.07	.947	-1.71	.090 ₊	-1.01	.314	.66	.514	-.96	.342
dealer discounts	.39	.695	1.74	.086 ₊	-1.02	.312	-.43	.665	.43	.670	-.68	.500
credit to end users	-.16	.876	.13	.900	-1.15	.252	-.74	.462	1.20	.233	-.36	.721
credit to dealers	.30	.762	1.31	.192	-1.00	.318	-.49	.623	.15	.883	-.61	.541

***p<0.001, **p<0.01, *p<0.05, +p<0.10, all 2-tailed

Chosen Overseas Market of the Survey and the Degree of Distribution Standardisation

	CASE 1		CASE 2		CASE 3		CASE 4		CASE 5		CASE 6	
	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. 2-TAILED
Distribution factors	-.33	.744	.70	.486	-.36	.717	-.12	.908	.98	.328	.07	.947
Geographic concentration	-.03	.973	.19	.850	-1.39	.168	-1.12	.264	1.01	.316	-.55	.582
Distribution channels	.16	.873	.16	.872	-.74	.459	-.61	.544	1.08	.283	-.40	.688
salesforce tasks	-.16	.870	1.19	.238	-.76	.450	-.28	.780	.82	.414	-.20	.842
sales regions	-1.08	.282	1.28	.203	.47	.641	.56	.577	1.10	.274	.88	.383
organisation												
Salesforce management	-.23	.818	.55	.586	-.37	.714	-.45	.655	1.43	.155	.00	.998
bargaining power of dealers	-.27	.791	.36	.718	.63	.530	1.04	.300	-.14	.889	.43	.671

Chosen Overseas Market of the Survey and the Degree of Promotion Standardisation

	CASE 1		CASE 2		CASE 3		CASE 4		CASE 5		CASE 6	
	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. (2-TAILED)	T	SIG. 2-TAILED
Promotion factors	1.13	.264	.41	.685	-.73	.470	-.24	.811	-1.16	.247	-1.03	.307
advertising role	1.56	.122	.78	.436	-.90	.372	-.37	.709	-1.72	.090	-1.37	.174
advertising message	1.73	.087	.05	.961	-.81	.420	-.70	.484	-1.37	.174	-1.41	.163
ad agency used	-.38	.708	.22	.823	1.22	.225	1.26	.210	-1.25	.216	.72	.471
budget allocation	1.20	.235	.09	.930	-.28	.783	.09	.929	-1.35	.180	-.89	.377
use of TV ads	-.08	.939	.72	.471	.60	.552	1.00	.319	-1.00	.319	.29	.773
use of print	.98	.329	.43	.666	-1.06	.292	-.88	.381	-.35	.727	-1.08	.285
use of radio ads	1.02	.309	.28	.779	-.61	.546	-.17	.864	-.45	.651	-.92	.359
use of internet	2.10	.039*	.45	.654	-1.54	.127	-1.18	.242	-.91	.364	-2.00	.049*
approach to PR	.30	.763	.23	.821	-.48	.632	-.12	.905	-.89	.377	-.40	.688
sales promotion types	.66	.508	.63	.531	-.72	.474	-.29	.773	-.96	.341	-.71	.480
use of displays	1.50	.137	.30	.763	-1.56	.123	-1.13	.262	-.86	.394	-1.62	.110
use of free samples	.39	.699	.90	.369	-.44	.659	-.08	.939	-.45	.655	-.43	.669
use of sponsoring	2.11	.038*	-.03	.975	-1.51	.135	-1.11	.268	-1.12	.267	-1.94	.056
customer training use	-.64	.522	.01	.993	.47	.638	1.01	.314	-.47	.638	.61	.544
personal selling use	.74	.460	-.23	.820	-1.24	.217	-.37	.715	-.26	.795	-1.01	.317

*p<0.05, 2-tailed